



NHS National Services Scotland
Annual Report 2012–2013
Supporting Scotland's Health

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Two years ago, our Board members laid out the direction of travel for this organisation — to stretch ourselves to deliver more, to play a bigger role in public sector integration and to reform ourselves so that we could do both those things more effectively.

In NSS, we have a shared vision for what we can achieve as an organisation:

- Providing support, wherever it is wanted across the Scottish public sector.
- Leveraging our national scale and skills to benefit people in Scotland.
- Facilitating effective integration and sustainability of health and other public services.
- Providing a first class service for customers.

2012–13 has been about the organisation coming of age, and this year has seen those seeds start to bear fruit. Reforming ourselves internally has already made

it easier for us to engage externally. And while we have made part of the journey, we are clear on the strengths we want to preserve or build on as we carry on evolving—those of an organisation built on strong foundations, flexible, agile and open to creativity and innovation.

Demand for our services has grown, and we fully expect that to continue. With Scotland's ageing population, tighter operating environment and continued health inequalities, further increased collaboration and integration is the way ahead.

I am proud of what we have achieved. As Chair, I will endeavour to lead the Board, ensuring that we continue to achieve in terms of maximising our contribution to NHSScotland and the wider public sector. The years ahead will bring new challenges. With the right values, systems and processes in place, we can step up to these challenges too. ■

Professor Elizabeth Ireland | Chair



Chief Executive

NSS spends a significant amount of public money on important national shared services. This year, whether it was providing safe blood supplies, co-ordinating vaccination programmes, ensuring screening, negotiating contracts or delivering vital supplies, our work has once again had a real impact on Scotland's health.

We also have a strong responsibility to deliver public value. In 2012–13, we saved NHS Boards over £43 million through better procurement. We cut £12 million from our own recurring operating costs. The total cost of our legal support to NHSScotland was only £6 million in a year that saw us handle two public inquiries, 10 fatal accident inquiries, and a case load of around 2,000 cases at any given time. Overall, across the whole of NSS, non-property overheads were under £19 million—around 3% of our total budget.

At the same time, we worked to improve ourselves and our service offering, through two main programmes, 'Quality, Efficiency, Service Transformation' (QuEST) and the 'Accelerated Shared Services Programme' (ASSP).

Through QuEST, we have simplified our organisation around six Strategic Business Units. The next challenge is modernising the way we work to ensure that we

keep honing our service edge, continuing to reduce overheads, developing better customer insight and become an even better place to work.

Our ASSP initiative involved us in working to improve the impact and reach of our services whilst preparing the way for the integration of Health and Social Care. We have engaged beyond the NHS for the first time, supporting pan-sector national initiatives such as the Scottish Wide Area Network and exploring opportunities with a range of public sector partners. We have also encouraged greater collaboration within the NHS around prescribing and sharing accommodation. All this culminated in the Scottish Parliament passing a Public Service Reform Order this summer which allowed us to offer services to the public sector in Scotland, wherever needed.

Looking back, 2012–13 was indeed a very busy year for us and the organisation has had to get used to operating at a faster pace, not easy given tight resources. However, this has enabled us to successfully build momentum. Momentum we will need, as we seek to continue to support both public service reform and Scotland's health in the years ahead. ■

Ian Crichton | Chief Executive



Making connections across the NHS and public sector, supporting them to work more efficiently

This year, we once again delivered on our targets, supporting NHSScotland through tightening budgets and increasing demands. Here are some highlights.

Services

We provide support to NHS Boards and the Scottish Government in their use of Frameworks Scotland as an efficient construction procurement vehicle for healthcare facilities. Frameworks Scotland went from strength to strength this year, with 18 more projects completed, 15 in development and seven more on site.

Our practitioner payments continued to meet high standards, with around 8 million transactions annually processed to agreed timescales to support patient registrations, transfers and amendments for GP Practices, Community Pharmacies and NHS Dental Practices in Scotland. Each year we pay approximately £2 billion to over 8,000 primary care practitioners to agreed standards of accuracy and timeliness. This year, as last year, we met our target of 99.5% accuracy.

Home oxygen, supplied by cylinder or concentrator, helps around 7,000 patients breathe more easily each year. In 2012–13, together with NHS Board partners we concluded the successful transfer of disparate local services to a nationally integrated Home Oxygen service. The creation of the new service enabled NHSScotland to offer more consistent standards across the country, and more modern, portable equipment. It also allowed us to review the needs of our patients, to ensure that they were getting the therapy that was most appropriate. Finally, the new service will also prove more cost-effective for NHS Boards.

A programme to deploy the next generation of Picture Archive & Communications System is under way across NHSScotland. This will improve speed of access to the 3.5 million x-ray studies and scans taken every year in Scotland. Response times will improve, reducing the time to diagnosis. The new system also has more advanced clinical tools and applications that physicians and radiologists need for convenient local and remote reporting of images. Further analytical tools offer improvements in the management of cancer patients and their images. This system will be available in all hospitals to around 2,500 clinical users by the summer of 2014.

Once again we worked around the clock to offer public health advice and coordination across Scotland. Our support for vaccination campaigns, including seasonal flu, resulted in excellent levels of uptake,

and the persistent drive across NHSScotland to tackle Healthcare Associated Infections continues.

We concluded the development of the new national Abdominal Aortic Aneurysm (AAA) screening information system to required specification on time and within agreed budget. Ten NHS Boards commenced the roll-out of screening by the end of March 2013, and we expect complete coverage by the end of December 2013.

Our logistics service continued to deliver excellent levels of service, delivering around 45 million items per year direct to wards, with 'best-in-class' over 98% product availability.

Other major service achievements include the continued success of our blood, tissues and cells services, including our work to transform the donating experience.

Workforce

As our services have evolved, so our workforce continues to evolve to support the ongoing change. Within the context of changing demands (see page 13), particular parts of our organisation have reconfigured themselves extensively so that we can provide maximum benefit to NHSScotland and the public purse. Within our IT services, our approach has shifted away from being public sector developers towards being expert advisers and enablers of quality procurement. Our information analysts and statisticians have also reflected a change in emphasis to create more flexible roles, enabling them to adapt and to take on new projects as demand shifts.

Finances

This year, as last year, we have returned cash to Scottish Government. We were asked for and delivered £4 million, meaning that we are now returning savings of £9 million per year. We plan to increase this further in future years. At the same time, we have seen a significant shift in our sources of income. The steadily decreasing profile of central Scottish Government spending has been mirrored in recent years by an increase in service-driven income from NHS Boards (see page 12).

2012–13 also marked the fulfilment of our five-year vision for our National Distribution Centre (see page 6). This central distribution facility for goods and services has generated supplier savings of £55 million to date, equating to a 14% saving on goods purchased.

This year, we also established the National Specialist Services Committee, bringing together a better overview and governance of the many specialist services we manage. The Committee will provide tighter scrutiny of the financial aspects of these services, including budgets and efficiency. ■

Refocusing NSS

As part of playing our role in public sector reform, we are working to make it easier for customers to do business with us and to understand what we can offer. One spect of this is to simplify our structure. This is more than an exercise in identity; at the same time, we gain the opportunity to streamline internal processes, build in greater internal flexibility and resilience and create efficiencies which lead to costs savings. By consolidating our corporate functions such as IT and Communications, we can provide better support for our staff to deliver externally. The process of refocusing NSS has been taken forward in partnership with our Trade Unions. It has involved consultation with external stakeholders and extensive engagement with our staff.

From 1 June 2013, we have reduced from 10 divisions to six Strategic Business Units as follows:

- Blood Tissues and Cells
- Central Legal Office
- Information Technology
- Practitioner and Counter Fraud Services
- Procurement, Commissioning and Facilities
- Public Health and Intelligence

We are playing our part in public sector reform and looking at ways we can deliver more for Scotland, by providing better support for public services across the country in a challenging time. The Christie Commission report made a clear call for greater public sector collaboration and integration.

The Scottish Government has also made clear the need for more partnership, investment in people and improved performance throughout the public sector. Only through all of this will the Scottish public sector be able to respond to increasing demand for services while real-terms funding is steadily diminishing.

While 'Christie' put public service reform squarely on the agenda, much of the work we have been involved in over the last year has been aimed at maximising our own contribution to the challenge laid down.

Changing landscape

Firstly, with the support of Scottish public sector bodies, the Scottish Government has amended the Public Services Reform (Scotland) Act 2010, to open up the possibility for us to provide support beyond the NHS. For many years, we have delivered services to support Scotland's health. We add value by offering expert advice, leveraging national scale and standards to support local quality and in providing shared services to avoid costs and save money. However, following the amendment to the Act, we are now able to offer our expertise and shared services more widely across the public sector. Our focus remains supporting Scotland's health, and there are no obligations on other public sector bodies to use us. But it does allow us to assist if we are needed.

Through our own Accelerated Shared Services Programme, we have engaged in a dialogue with many different public bodies to scope out how we can provide support to them. That work will intensify over the coming year.

Finally, to optimise our services to maximise benefits, minimise costs, and be flexible for future change, we are streamlining our structure (see facing page), breaking down internal barriers and improving our own processes. As well as making it easier for customers to do business with us, we are now engaging more systematically with them to build better awareness of our services.

How NSS contributes

The Christie Commission was overt in stating that local delivery was needed for effective services, responsive to local needs. However, robust national support is key in enabling local action. As a proven provider of infrastructure, expertise and advice, and a catalyst for collaboration between public bodies, we believe that NSS has a central role to play in helping the Scottish public sector emerge from this difficult period in better shape, better able to deliver services for the people of Scotland. We offer:

- Centres of expert advice and quality that other bodies can tap into as needed, such as legal advice, IT consultancy and data analysis.
- National-scale shared services that smaller bodies can take advantage of, such as our national contracts and logistics services and financial management platforms.

Adding value in tough times

- Consistent processes, systems and standards that make it easier for the public sector to offer joined-up public services, in areas such as data management.

Key objectives for the year ahead

Over the coming 12 months, our priorities are to:

- Continue to and sustain and improve support for NHSScotland.
- Support the integration of health and social care in Scotland.
- Support other public bodies where required.
- Improve our own capability through continued implementation of our cultural change programme. ■

Developments for 2013 and beyond

- Exploring with a range of public bodies how we can support them in logistics and supply chain best practice.
- Expanding Scotland's information and analytical capability to support joined-up health and social care on the ground.
- Developing improved cross-sector data linkage to support better research and intelligence.
- Providing legal advice beyond the health sector.
- Supporting the rollout of the McClelland IT agenda and public sector IT reform.
- Developing greater counter-fraud intelligence coordination across the public sector.
- Taking over administration of various national schemes on behalf of NHSScotland.
- Modernising Scotland's blood transfusion service including development of a new national manufacturing centre and improving our approach to donors.

Freeing up time for frontline staff

Better public sector procurement

One of the key services that we perform for our customers is doing things nationally, saving them time and creating efficiencies from economies of scale. But we don't just carry out tasks on behalf of our customers. We also work with them to improve their own processes and staff skills, helping them become more efficient on their own terms as well.

Our logistics service is an excellent example of this. Starting in 2006, we established the National Distribution Centre at Canderside in Lanarkshire, to store and deliver millions of everyday products to

hospitals when they were needed. But we didn't just offer a simple delivery service. By addressing both strategic and operational issues, we have worked over several years to steadily modernise all aspects of the service, including improvements to local logistics arrangements.

Building close working relationships with customers, we supported NHS Boards to improve their own processes and staff skills. We also helped them improve their IT and physical logistics infrastructure at customer level. These included ward-managed product systems and processes, enabling more efficient tracking of stocks and automated reordering. We helped set up local goods receipt and consolidation centres, reducing bulk stockholding at local stores facilities. And we also worked with them to develop and share common Key Performance Indicators which allowed us to identify and implement collaborative projects to reduce further the overall costs. Together with our customers, we have enabled Scotland-wide benchmarking of product spend and usage at clinical ward level, which allows further efficiencies to be identified.

Within NSS itself, we have an effective system of continuous improvement, monitoring and audit. Together with consistent service delivery and robust financial performance management, the results have been clear:

- Supplier savings of £55 million.
- Over 98% product availability delivering around 45 million items per year direct to wards.

- Switching to a modern electronic ordering system and having dedicated product management staff on wards has allowed clinical staff to focus on providing front line patient care. This has returned annual clinical hours equivalent to £1.9 million each year and improved product availability and control in wards.
- We deliver the same level of service across Scotland, where historically suppliers have tended to favour the Central Belt. ■



Supporting public sector IT

The Scottish Wide Area Network

Another of the ways we support the public sector is by using national leverage to get better deals locally. Our ongoing work to procure the Scottish Wide Area Network (SWAN) is an example of this.

SWAN is designed to deliver a single IT network available for the use of any, and potentially all, public service organisations within Scotland. SWAN will enable efficient infrastructure and service sharing and support the drive toward more efficient and effective digital public services across the national public sector.

The SWAN project also fits in with the recommendations of the 'McClelland' public sector IT review: collaborative public sector procurement, creating economies of scale and promoting common standards.

Andy Robertson, NSS Director of IT said: "With 3,500 connections to NHS facilities in Scotland, the existing N3 network already makes substantial savings across our sector. This has led naturally to a broader collaboration to see what else could be done.

“Overall, SWAN has potential to deliver a further 10% to 20% reduction in broadband network costs to the health sector alone. Beyond that, there are benefits to the wider public sector, not just in cost terms, but in the host of ongoing advantages that a common platform creates.” ■

By negotiating the Network nationally, the SWAN team will be able to deliver both cost and performance advantages:

- Lower cost infrastructure and services.
- Lower cost service management and integration across organisational boundaries.
- Common standards, interoperability and security across the public sector.
- Increased opportunity for cross-sector cooperation and collaboration.
- Increased responsiveness to organisational change.

Anne Moises, Scottish Government Chief Information Officer, said:

“The SWAN Programme is the first major initiative to be launched by Scottish Ministers in support of the 'Scotland's Digital Future; Delivery of Public Services' strategy. It will provide the first piece of the underlying infrastructure needed to deliver on the strategy's overall goals and aspirations.” ■



Right blood, right patient, right time

Every year, we continue to ensure there is enough blood for patients in the right place at the right time. In 2012–13, making sure that blood was available 24 hours a day required more than 200,000 donations, essential for planned surgery, A&E, cancer treatment and to manage other conditions.



This could only be achieved with the tremendous contribution of our 144,000 active blood donors across Scotland.

Blood supplies are a shared resource and a shared responsibility and we try to make it as easy as possible for people to donate. Recent improvements include sending health check forms to donors to complete at home before attending a session, as well as refreshing the www.scotblood.co.uk website so that donors can obtain information about their eligibility to donate before arriving at a session.

Our vehicles travel a distance equivalent to four times around the world to collect and transport blood and blood products. Within 24 to 48 hours of a donation being made, it is processed, tested and available for patient care.

Making sure we get the most out of every single donation is also critical. We work throughout Scotland to ensure the appropriate use of the donor's gift and safety of transfusion for the recipient. Since the start of our Better Blood Transfusion programme in 2003, we have supported a reduction in blood use from around 46 red cell units transfused per 1,000 of the population to approximately 34 per 1,000 population in 2012.

In 2012–13, we continued to meet all of our regulatory requirements.

Supplying the nation with blood

Looking further ahead, we have been given the green light for a new National Centre of excellence in Edinburgh. This new purpose-built facility, which will take several years to complete, will consolidate several of our core activities and related services and is key to ensuring the safe future supply of blood, tissues and cells for patients in Scotland. ■

Integrated Resource Framework

One of the most important ways we help the NHS and others is through the development of new analytical tools that can be used across the country to inform and improve management decision-making. With the integration of health and social care, one of the challenges will be to understand the pathway that people follow through local services. This is crucial in evaluating the effectiveness and costs of care delivered to people who are often at their most vulnerable.

The Integrated Resource Framework has been jointly developed by the Government, NHS and COSLA to enable partners to be clear about the quality



implications and cost of local decisions.

In some test sites e.g. Tayside's three NHS and Local Authority partnerships, we have developed a new linked dataset from their local health and social care data. This helps in determining the needs of the local population and developing new integrated approaches to care that lead to better outcomes with greater efficiency.

Individual-level information means that rather than just looking at activity across traditional budget lines, partnerships can review services across populations and for vulnerable groups. These include:

- Disease specific groups such as diabetes or dementia.
- Demographic groups (e.g. older adults and deprived households).
- Practice or geographical population (e.g. community planning partnerships).
- Longitudinal analysis for any of the above.

All of this allows local partners to redesign their services to provide care when and where it is needed most.

Through our information services, we have:

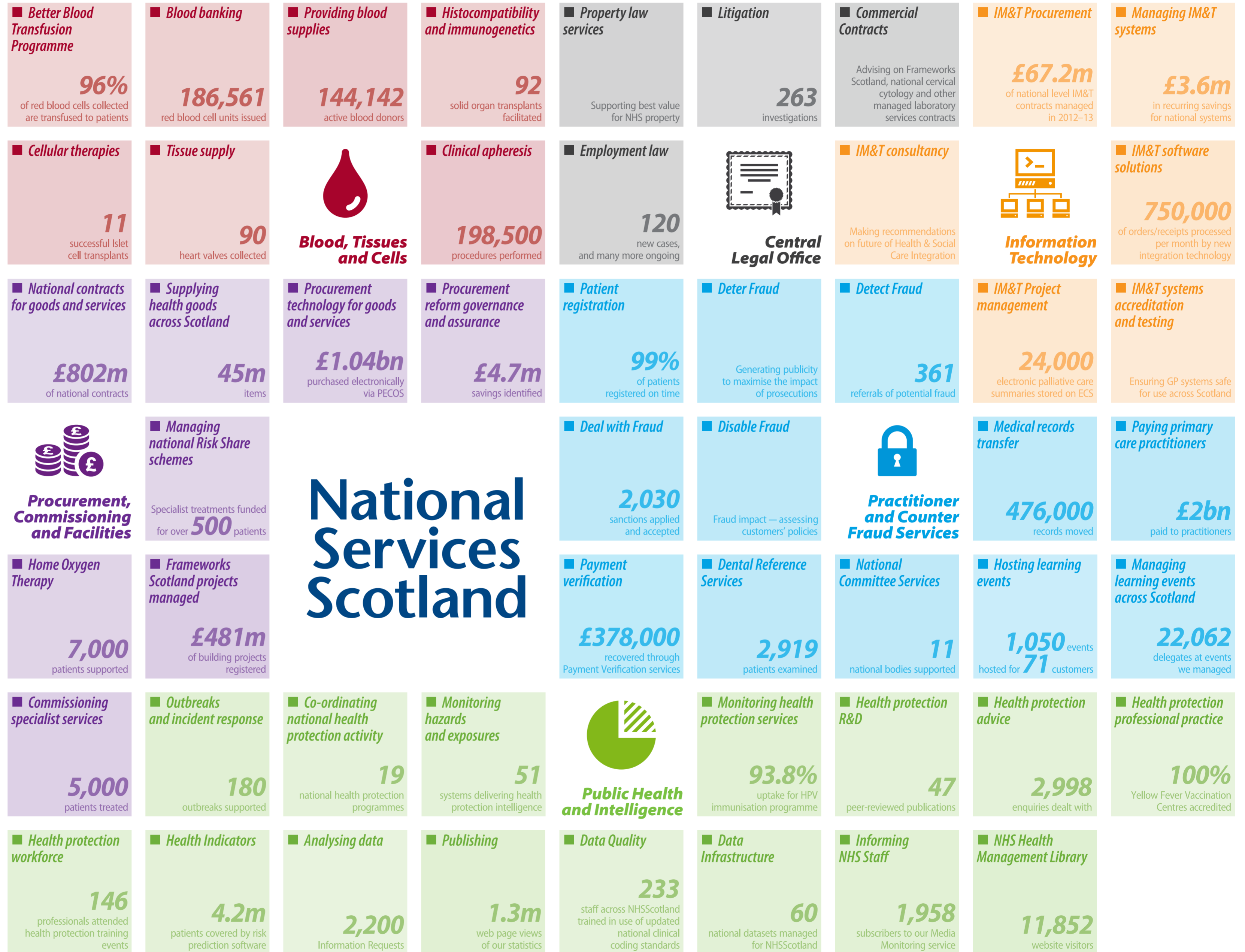
- Mapped total spending across health and social care for every partnership to understand the overall resource use of services in their population.
- Developed an anonymous individual-level costing system for healthcare activity, which is a much more sophisticated approach to understanding costs.

Powerful tools to assist integration

- Combined this information with local authority spending to build up an accurate picture of combined health and social care spending.

This level of mapping is essential for Joint Commissioning Plans and is making a real difference for local managers, planning groups and ultimately service users and carers. Over 2013–14, the team will be rolling out this analysis out to all partnerships in Scotland. ■

NHS National Services Scotland touches almost every aspect of healthcare to provide benefits for the people of Scotland. These involve direct and indirect services, delivering some ourselves and offering advice to others on how to manage their own services better. We generate savings, and work with our NHS Board partners to enable savings for the whole of NHSScotland. This chart shows just a few of the ways in which we support Scotland's health:



National Services Scotland

The NSS Board is the principal decision-making forum for NSS, with overall responsibility for leading and controlling NSS and is accountable to Scottish Ministers for financial and operational performance. Its role is to ensure effective and accountable governance, ensure strategic leadership and direction, and monitor performance. ■

Members of the NSS Board



Executive Directors



Non-Executive Directors



The Board is supported by sub-committees, comprising both Executive and non-Executive membership. Their role is to scrutinise in detail key aspects of the organisation's operation, and to provide assurance to the Board that these areas are performing well and being governed appropriately.

Audit And Risk

The Audit and Risk Committee provides assurance that an appropriate system of internal control has been implemented and is operating effectively. This year, the Committee reviewed quarterly reports on risk management and key organisational risks. It approved and monitored the Internal Audit Plan and progress against agreed audit recommendations. It also reviewed and approved service audits for Practitioner Services, Financial Services, Payroll Services and the National IT Contract and National Single Instance of the NHS finance system.

Clinical Governance

The Clinical Governance Committee oversees corporate accountability for clinical performance, ensuring that safe and effective systems and processes are in place. This year the Committee reviewed quarterly updates on Clinical Governance and Quality and Clinical Risk, Incidents and Complaints. It also approved the NSS Research, Development and Innovation Strategy.

Financial Governance

The Finance and Performance Committee reviews the financial position of NSS. It ensures arrangements are in place to secure economy, efficiency and effectiveness in the use of all resources, and that these are working effectively. During the year, the Committee reviewed performance against our Local Delivery, Financial and Workforce Plans and the identified business risks. It reviewed the Outline Business Case for the proposed Scottish National Blood Transfusion Service National Centre and agreed a number of new or extended National Procurement contracts.

Remuneration

The Remuneration Committee ensures the application and implementation of fair and equitable pay systems, on behalf of the Board, as determined by Ministers and the Scottish Government. This year the Committee reviewed objectives set for Executives and reviewed mid- and full-year performance appraisals to satisfy itself that the process and application were transparent and robust. It confirmed that a robust process had been followed for allocating Consultants' Discretionary Points and scrutinised and approved requests for termination settlements with cost over £50,000.

Staff Governance

The Staff Governance Committee supports and maintains a culture where the delivery of the highest possible standard of staff management is understood to be the responsibility of every employee and is built upon partnership working and collaboration. This year the Committee monitored progress against the Staff Governance Action Plan to ensure that the Staff Governance Standard was being met. It also reviewed staff risks, progress on the implementation of revised Fire Safety training and the results of the NSS Staff Survey. We also operate a Partnership Forum as an executive arm of this committee, working together with our Trade Union colleagues on policy and issues as they arise.

Staff Engagement

Keeping staff involved in our decision-making is important to us. As well as the Partnership Forum, one of the ways we test how well we are doing is through voluntary surveys every two years. These typically have excellent response rates, of over 70% — about 2,000 people. Our operating context is challenging, with staff seeing real-terms pay reductions as austerity measures continue to bite. Despite that, we have improved our staff engagement, with 6% more staff feeling they were always consulted about change at work.

Ensuring the highest standards of decision-making and partnership working

Freedom of Information

In 2012–13 we received 253 Freedom of Information requests, a 33% increase on the previous year. We also received one request for environmental information. The majority of requests came from members of the public. We dealt with 13 requests for reviews where the applicants were unhappy with the original responses. Of the requests received, 68% resulted in the release of the some or all of the information requested. The most common reason for refusing a request was that we did not hold the information. Disclosures are published on the NSS website. There were no applications to the Scottish Information Commissioner.

Feedback, Comments, Concerns and Complaints

In 2012–13 we experienced a marked increase in complaints from blood donors following a reorganisation of our approach to blood collection. Steps have been taken to address the issues highlighted and we are beginning to see a reversal of this trend. Our full report for 2012–13 is available on our website at bit.ly/1h5cxrw.

Equality and Participation

We are committed to involving people and taking forward the equality agenda. For example, we support gender reassignment by commissioning specialist services for gender reassignment surgery and making sure patient records are changed to accurately reflect a patient's gender. One of the highlights this year was our participation in Scotland's first trans health conference to engage with trans people to address the challenges they face when accessing NHS services such as screening services. This provided an invaluable opportunity to gain insight into their health needs that will be used to improve their journey through healthcare.

Injuries and Absence

This year, better training and reporting of minor incidents has enabled preventative action to reduce the number of major injuries (see table). Long-term sickness absence is also down, as a result of better support for staff to manage their conditions. During this period of organisational change, short-term absence has increased, and we are working to support staff as much as possible. ■

Feedback and Complaints: Complaint Source

	2011–12	2012–13
Patients/Patients' Representatives	23	25
Blood Donors	231*	300*
Primary Care Contractors	19	19
Other Service Users	6	4
Total	279	348

* This figure represents less than 0.1% of all donor visits.

Occupational Health and Safety Statistics

	2011–12	2012–13
Major Injuries RIDDOR *reportable	11	7
Needlestick Injuries	30	28
Sickness absence	3.6%	3.9%
Long term	2.0%	1.6%
Short term	2.0%	2.3%

* Reports of Injuries, Diseases and Dangerous Occurrences Regulations (1995)

Continuing the trend of improved efficiency

The year to 31 March 2013 has continued the trend of improved efficiencies across NSS, with all statutory targets having been met. We have once again met our three financial targets:

Revenue Resource Limit: a resource budget for ongoing operations.

Capital Resource Limit: a resource budget for net capital investment.

Cash Requirement: a financing requirement to fund the cash consequences of the ongoing operations and the new capital investment.

We have achieved a breakeven position for capital, with a revenue surplus of £0.2 million at 31 March.

Main Highlights

We met our financial and efficient government targets against a backdrop of continued service development and a challenging financial environment. In order to achieve these targets, we delivered £10.4 million of recurring local efficiency savings in year, £2.3 million ahead of the target set by Scottish Government. This is in addition to national efficiency savings of £43.0m that we have delivered on behalf of NHSScotland.

There were a variety of financial challenges during 2012–13, mainly due to the wider economic environment. The successful outcome for the year is testimony to the effective contribution of all staff in ensuring we met our goals. It is expected that 2013–14 will prove to be an increasingly challenging year in the financial climate. However, we anticipate that we will remain within our financial targets. ■

Target and Actual Position for 2012–13

	As agreed with Funding Bodies £m	Actual Outturn £m
Revenue Resources Limit	376.2	376
Capital Resources Limit	3.1	3.1
Cash Requirement	356	356

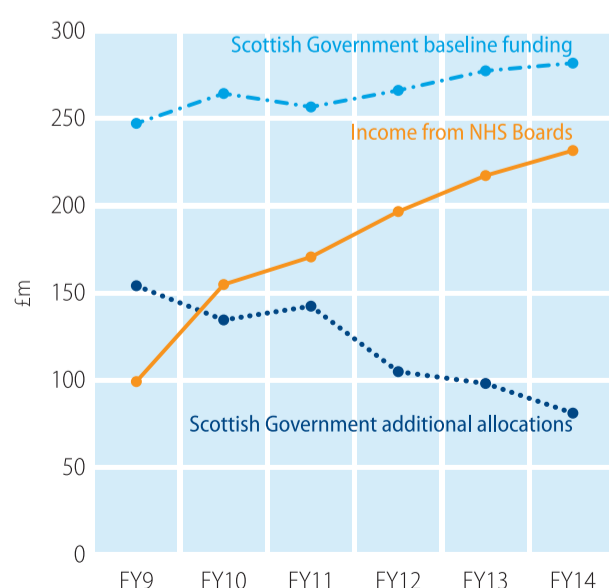
Revenue Income and Expenditure

	2011–12 £m	2012–13 £m
Income		
Revenue Resource Limit	376.2	371.1
Miscellaneous Income	226.1	206.9
Total	602.3	578.0
Expenditure		
Clinical Services	256.0	250.9
Other Services	346.1	326.9
Total	602.1	577.8
Savings against Revenue Resource Limit	0.2	0.2

Assets/Liabilities

	2011–12 £m	2012–13 £m
Non Current Assets	97.5	113.5
Current Assets	43.1	38.1
Current Liabilities	(67.4)	(63.1)
Non Current Liabilities	(7.6)	(7.9)
Total	65.6	80.6
Financed by		
Reserves	5.2	5.8
General Fund	60.4	74.8
Total	65.6	80.6

Income increasingly service-driven



If you wish to obtain a full copy of the NSS Annual Accounts for the year to 31 March 2013, contact:

Caroline Lang | Board Secretary

tel: 0131 275 7090

e-mail: clang@nhs.net

Our workforce strategy is guided by four strategic outcomes: sustainability, capability, optimisation and reduction.

■ **Workforce sustainability:** Ensuring that workforce supply is well matched to current and changing demands and that workforce systems, processes and structures meet organisational service delivery requirements.

We are a demand-driven organisation. This means that we need to anticipate which of our services are likely to expand and contract over future years. As we evolve to meet the demands of the future, so must our workforce. We have a robust and integrated workforce planning process and methodology that helps to inform the future workforce not only in terms of size and cost but, importantly, the skills, knowledge and experience requirements.

In terms of the skills mix, we are experiencing increased demand for IT services, analytical skills, project management and project support skills—this is also expected to continue, especially as we broaden our service offering to the wider public sector.

■ **Workforce capability:** Sustaining and developing a flexible workforce that is equipped with the specialist and/or professional knowledge and skills to meet current and future service delivery.

All members of staff are encouraged and supported to ensure that they have clarity of objectives and regular appraisal and professional development planning reviews. The importance placed on learning and development is evidenced by our monitoring and reporting process and our latest staff opinion results in this area were very positive.

Our Learning and Development Team work with the business to identify individual and group learning and development needs and identify appropriate solutions to help staff gain the right knowledge and skills to work effectively. This includes delivering blended learning solutions that include effective use of e-learning, workshops and self-learning.

■ **Workforce optimisation:** Creating a working environment through effective leadership that is conducive to productivity and efficiency that promotes continuous improvement at a team and individual level, and recognises the contribution individuals and teams make to our service delivery.

Although our Directors and most senior management have long been involved in leadership learning, we realised that major organisational change and succession planning required a broader base of staff who had the right leadership knowledge and tools to carry us forward. Thus, our Leadership Programme was born. This is a significant investment of time for over 170

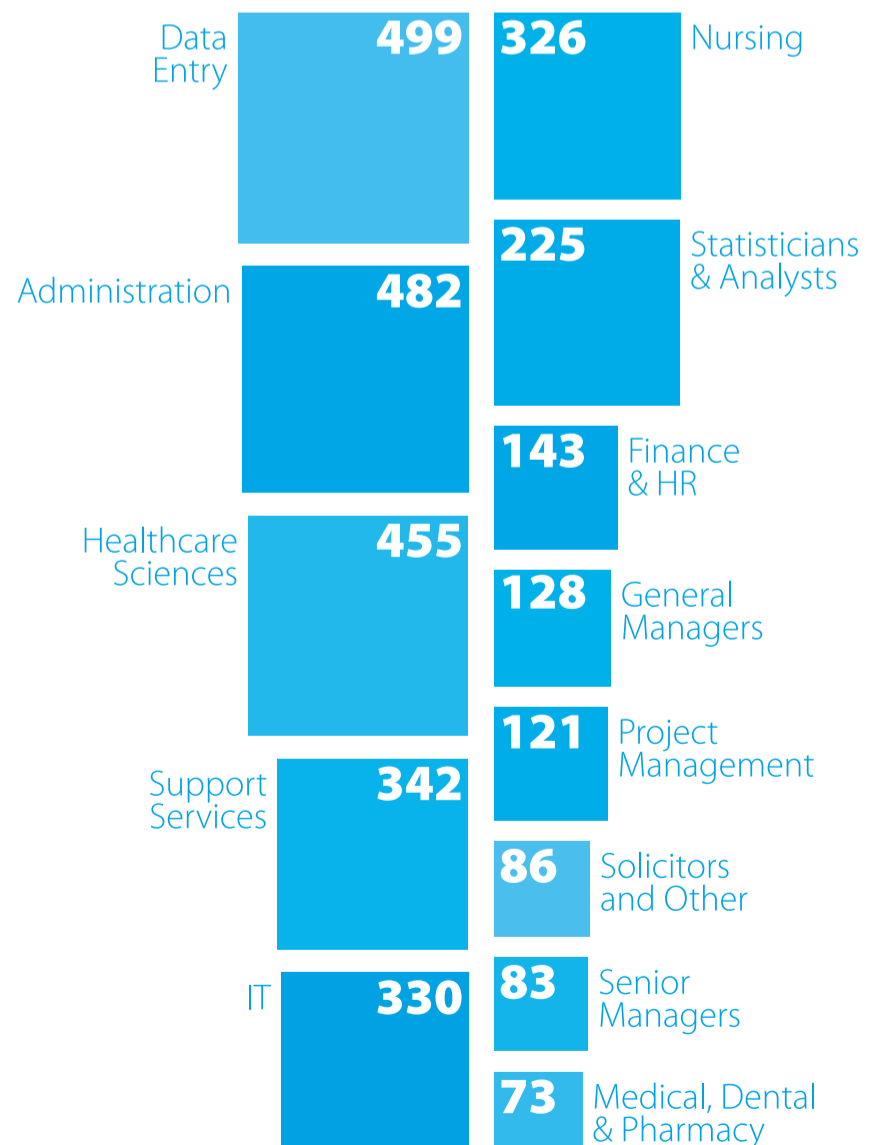
staff on a rolling curriculum of seminars, reading and group learning, led by external experts and facilitated by our Organisational Development Team.

■ **Workforce reduction:** Reducing workforce size and costs whilst retaining and developing the necessary skills, knowledge and experience needed to deliver high quality services that impact health and savings.

About 21 % of our spending is pay and staff-related. Although we are primarily looking at non-staff costs in the drive for greater savings, we also want to streamline and reduce staff costs appropriately, in partnership with our Trade Unions. However, we also have to be ready to increase staff resource to meet new demands.

As we have streamlined our service offering, we have also reduced both the number of Directors and senior managers more generally. In the coming period, we will retain a tight focus on effectively managing recruitment, retention and vacancies to ensure workforce 'hot spots' are addressed in good time. ■

Our Workforce **3,292**



Whole time equivalent figures at 31 March 2013.

Working in partnership

In NSS the Joint Trades Union and management work in Partnership with one another to help the organisation adhere to the Staff Governance Standard and try to achieve the objectives of both the Trades Union for their members and of the organisation.

NSS underwent many changes in the last year. Upon the introduction of the Quality Efficiency and Service Transformation (QuEST) Programme, Staff Side and Management worked together to engage with a significant portion of the employees. Partly due to this engagement process, a large scale programme of structural change was successfully undertaken.

The Trades Union and NSS management also worked together to deliver an internal Staff Survey, in lieu of an NHS Staff Survey. The results have enabled us for the first time to develop the Staff Governance Action Plan collaboratively. In Partnership, using priorities from the results of the survey, we have identified a new, more elegant approach to the delivery of the Staff Governance Action Plan, which will result in benefits for all staff.

Stewart Robison | Employee Director

External review of NSS processes and performance

Internal Control

The Chief Executive is the accountable officer for the system of controls, financial and otherwise. The Board is responsible for maintaining a sound system of internal control and a structure which provides reasonable assurance of effectiveness. This year these included:

- a well-established risk management approach which included regular review and challenge of risks by the Board, Sub-committees, the Executive Management Team and management groups, and quarterly reporting to the Audit & Risk Committee.
- regular financial reporting at Board level.

- an annual internal audit plan, approved by the Audit & Risk Committee, Executive Management Team and Operating Committee and quarterly reporting to the Audit & Risk Committee.
- a comprehensive audit action register, containing actions raised in audit reports, which are regularly updated and reported to the Audit & Risk Committee.
- Standing Financial Instructions, Standing Orders and Scheme of Delegation.

Based on the findings of the annual internal audit programme, the Board's Head of Internal Audit reported that there is generally a sound system of internal control. Some weaknesses were identified which impacted on some areas audited. These are being addressed by management. Overall, the audit opinion equates to 'Significant Assurance', using the terminology set out in the NHS Internal Audit Standards as adopted by the Scottish Government.

Service Audit

NSS provides a range of services to NHSScotland. These are subject to Service Audits based on the International Standard on Assurance Engagement 3402 (ISAE3402).

This provides NHS Boards and their auditors with independent assurance that the NSS control frameworks, operating in the areas of service provided, are sufficiently robust. It also allows auditors to place reliance on the financial and transactional information reported in the accounts of NHS Boards in relation to the services provided by NSS. The areas covered by

Service Audit are:

- Practitioner Services
- National IT Contract
- Financial Services
- Payroll Services
- The National Single Instance of the NHS finance system.

The Service Auditors have provided unqualified opinions for all of the above Service Audits. Full reports have been made available to all relevant NHS Boards and Audit Scotland.

During the year ended 31 March 2013, we continued to work jointly with NHS Boards and their auditors in particular to address future audit requirements. This has led to a better understanding across the service of the assurance provided by Service Audits.

Auditors in 2012–13

External Auditor

Audit Scotland

Internal Auditor

PricewaterhouseCoopers LLP

Service Auditor—Financial Services, Payroll Services, NSI

PricewaterhouseCoopers LLP

Service Auditor—National IT Contract, Practitioner Services

Scott-Moncrieff

Independent auditor's statement to the members of NHS National Services Scotland on the summary financial statement

I have examined the summary financial statement of NHS National Services Scotland for the year ended 31 March 2013 which comprises summary Revenue Income and Expenditure Statement and summary Assets/Liabilities Statement.

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Board and auditor

The Board is responsible for preparing the summary financial statement within the Annual Report in accordance with guidance issued by the Scottish Government Health Directorates.

My responsibility is to report to you my opinion on the consistency of the summary financial statement with the full financial statements.

In addition, I read the other financial and non-financial information in the Annual Report to identify material

inconsistencies with the summary financial statement. If I become aware of any apparent misstatements or material inconsistencies, I consider the implications for my report.

I conducted my work in accordance with *Bulletin 2008/3 The Auditor's Statement on the Summary Financial Statement in the United Kingdom* issued by the Auditing Practices Board. My report on the Board's full annual financial statements describes the basis of my opinion on those financial statements.

Opinion

In my opinion the summary financial statement is consistent with the full financial statements of the NHS National Services Scotland for the year ended 31 March 2013. I have not considered the effects of any events between the date on which I signed my report on the full financial statements (28 June 2013) and the date of this statement.

Annual Review 2013: Key Action Points

The Scottish Government held its Annual Review of NSS on 28 August 2013. Full details are available in the online version of this document: bit.ly/19RGe0P.

Following the Review, NSS will:

- Provide updates at quarterly Sponsor Meetings of the progress being achieved in the delivery of the Boards 2013–14 Local Delivery Plan.
- To fully engage with SGHSCD Sponsors in the development of the 2014–15 Local Delivery Plan.
- Continue to develop and improve the partnership arrangements for engaging and consulting with staff in decision making.
- Keep SG Health Finance informed on progress on finance related matters and ensure that financial targets are achieved.
- Provide updates at quarterly Sponsor Meetings on the opportunities arising to provide advice and support to the wider public sector.

Fiona Mitchell-Knight FCA | Assistant Director of Audit

Audit Scotland
04 October 2013

Main contacts

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Irene Barkby | Director of Nursing, Strategy and Governance

Simon Belfer | Director of Finance

Jacqui Jones | Director of Human Resources and Workforce Development

Jan Lyell | Head of Corporate Affairs and Identity

Steve Taylor | Director of Facilities Management

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We can provide a summary of this document in different languages, larger print or Braille (English only). For information on how to get a translation, please phone 0131 275 6610

In 2012–13, NSS continued to drive down its own costs and to generate savings for others. At the same time, we continued to work closely with our valued partners to deliver in key areas which enable NHSScotland to serve and protect patients every day.

Here are just a few of our achievements:

This year, we continued to deliver more for less

£36.6m
Saved through national contracts for goods and services

£2.6m
Saved through Frameworks Scotland building projects

Savings for the NHS

£3.6m
Saved through national IT contracts

£2.5m
Saved through centralised equipping & procurement

1,200,000
Protected by vaccine programmes

1,500,000
Screened for cancer and diabetes

Supporting Scotland's health

500,000
Patient records successfully transferred

47,000
Benefiting from blood products

6.9%
Drop in occupied office space

7%
less business travel emissions since 2010/11

Using our own resources better

66%
Of NSS waste recycled, against target of 50%

£9m
In cash-releasing efficiency savings

NHS National Services Scotland

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