Healthcare Improvement Scotland

Meeting of the Healthcare Improvement Scotland Audit and Risk Committee at
10.00, 4 September 2024 by MS Teams

Present	Auditors
Robert Tinlin (Committee Chair)	KPMG - Syed Shah, Audit Manager
Keith Charters (Non-Executive Director)	Audit Scotland – Esther Scoburgh, Senior Audit Manager
Judith Kilbee (Non-Executive Director)	
Abhishek Agarwal (Non-Executive Director)	**For specific items**
Nikki Maran (Non-Executive Director)	Lindsay Fielding, Strategic Lead (item 3.7)
	Alex Little, Deputy Head of Procurement, Scottish Ambulance Service (Items 3.2 and 4.1)
In attendance	Kevin McInneny, Head of Digital Services (item 3.3)
Robbie Pearson, Chief Executive	
Lynsey Cleland, Director of Quality Assurance and Regulation	**Committee Support**
Ann Gow, Deputy Chief Executive/Director of Nursing and Systems Improvement	Tara Duffy, Admin Officer (Minutes)
Ben Hall, Head of Communications	**Apologies**
Paul McCauley, Risk Manager	
Angela Moodie, Director of Finance, Planning and Governance	James Lucas – KPMG
Safia Qureshi, Director of Evidence and Digital	Claire Gardiner – Audit Scotland
Karlin Rodgers, Head of Finance and Procurement	
Duncan Service, Employee Director	
Simon Watson, Director of Medical and Safety	
Lynda Nicholson, Head of Corporate Development	
Sybil Canavan, Director of Workforce	
Clare Morrison, Director of Director of Engagement & Transformational Change	
Carole Wilkinson, HIS Chair	

1.	WELCOME AND APOLOGIES FOR ABSENCE
1.1	The Chair welcomed all and reminded attendees to declare any conflicts of interest. Apologies were noted as above.
2.	MINUTES OF PREVIOUS MEETING/ACTION REGISTER
2.1	**Minute of Audit and Risk Committee meeting on 18 June 2024**
	Decision: The Committee approved the minutes.
2.2	**Review of action point register of Audit and Risk Committee meeting 7 March 2024**
	The Committee reviewed the action point register, noting that items are either complete or to be discussed later in the agenda. **Decision: The Committee gained assurance from the progress made on action points.**

3.	**CORPORATE GOVERNANCE**
3.1	**Financial Performance and Fraud Report**
	The Director of Finance, Planning & Governance highlighted:
	a) Financial performance at 31 July 2024 shows a £0.8m underspend (8%), driven by non-pay savings through a combination of phased spending and non-recurring savings made to date. We are on track to meet our savings target, with approximately 40% of our savings to date being non-recurring. If this proportion doesn't increase, it will be harder to maintain our financial balance next year.
	b) Regarding additional allocations, we have received nearly 90%, with only two programmes still outstanding.
	c) There is a request to redirect some of the underspend to the HIS employee and to strengthen resources in the Quality Assurance and Regulation Directorate (QARD). While some of the spending is permanent, this has been minimised to only what is essential. The commitment in QARD represents 1% of the total budget, approximately £0.4m for next year.
	d) The annual fraud action plan presented for approval.
	In response to questions from the Committee, the following was clarified:
	e) The current Independent Healthcare provision from 2023/24 remains at £0.6m. No payments have been made and we are able to carry this forward until it is either spent or released.
	The Committee noted the potential implications of the recent announcements in Parliament, particularly regarding savings on public sector budgets.
	Decision: The Committee approved the proposals set out in the paper and accepted moderate assurance. **Action: correct the depreciation of £0.5m on page 2 to reflect March 2025 rather than March 2024.**
3.2	**Annual Procurement Report**
	Alex Little, Deputy Head of Procurement at the Scottish Ambulance Service (SAS), jointly presented the Annual Procurement Report with the Head of Finance and Procurement.
	The following points were clarified in response to questions from the Committee:
	a) The OJEU threshold refers to the Official Journal of the European Union. This will be updated as we are no longer part of the OJEU.
	b) The Tactum contract primarily relates to website and app support for the Right Decision Service
	c) SAS manages all procurement for HIS, including the quick quote and tender processes, and provides support with purchasing. This work is currently covered by a seven year Service Level Agreement, which is due for review shortly.
	Decision: The Committee accepted the report and the moderate assurance provided. The Committee also expressed their thanks to Alex Little for his contribution.
3.3	**Digital Solutions Group (DSG) update: IT Infrastructure, Information Governance & Business Resilience & Sustainability**
	The Director of Evidence and Digital provided an update, explaining that the format of the paper had been changed to offer a combined summary of the current status of IT Infrastructure, Information Governance, Business Resilience, and Sustainability. The following key points were highlighted from the report:

	a) Work is ongoing on the transition to the Cloud, and we are effectively managing security events as they occur. b) The Information Security Management System is a work in progress. c) Most indicators are currently showing a green status, except for Freedom of Information requests, which are below the desired level. A paper has been presented to the Executive Team with recommendations on how to address this. d) Regarding business continuity, sustainability, climate change, and audits, reporting in these areas is on track, and we are staying on top of the reporting requirements. The following information was provided in response to comments and questions from the Committee: a) There have been a range of small scale business continuity incidents. Each incident followed the standard process, with a deep dive conducted afterward, and the Resilience Group reviewed the outcomes.. Recommendations from all incidents will be implemented to enhance protection moving forward. The committee welcomed the report and agreed that that issues such as sustainability may be covered by individual exception reports as needed. **Decision: The Committee noted the update and accepted moderate assurance on overall progress, and limited assurance on the Information Security Management System.**
3.4	**Corporate Website**
	Key achievements included the migration of 75% of priority content to the new site and the drafting of the accessible publication digital strategy. The paper also discussed the need to pause and review the scope of the programme in light of the emergency spending controls. The following information was provided in response to questions from the Committee: a) The initial risk concerning the corporate website has reduced significantly. As for other websites going out of support at the end of the year, these are now considered a priority, and their status is currently being reviewed. **Decision: The Committee accepted moderate assurance on the progress of the Corporate Website.**
3.5	**Communications - Interim Priorities**
	The Director of Finance, Planning, and Governance provided an update, highlighting six identified priorities. One of these is the stakeholder survey, which is a corporate Key Performance Indicator (KPI). Work on the survey has now been paused due to the emergency spending measures. As a result, we will not be able to gather feedback from key stakeholders or assess the impact of our work. No funds have been spent on the survey thus far, and alternatives are currently being explored internally. The Committee suggested that stakeholder interaction could be addressed through the evaluation of individual programmes of work and conducting surveys within these specific projects. The Committee acknowledged Ben Hall's contributions as Head of Communications and extended best wishes to him in his new role. **Decision: The Committee acknowledged the identified priorities and accepted moderate levels of assurance regarding them.**

3.6	**One Team Update**
	Lindsay Fielding, One Team Strategic Lead, joined the meeting for this item. The Chief Executive highlighted the significant progress made with the HIS Employee initiative, noting that 20 individuals are joining the organisation. Early efforts are also underway to apply efficiencies through digital technology. **Decision: The Committee noted the update and accepted a moderate level of assurance.**
3.7	**Independent Healthcare Fees 2025-26**
	The Director of Quality Assurance and Regulation presented an update on Independent Healthcare Fees, requesting the Committee recommends a fee increase to the Board. Following questions and comments, the following points were addressed: a) Further scoping and engagement with the sector are underway to define the range and types of services expected to fall under the independent medical agencies category. The goal is to ensure wide communication and engagement across networks so that services will register accordingly. b) Fees must be set for broad service categories, with no option to differentiate based on specific service types. Although different fee levels already exist for some categories, a consistent increase across all categories has been proposed due to a lack of evidence to justify varied levels this year. c) There is a risk with some independent clinics not registering with the regulatory body. Unregistered services are followed up through appropriate channels to clarify if they should be regulated. Initial engagement aims to encourage registration, but enforcement actions are taken if necessary. d) The statutory maximum fee amounts are set by the Scottish Government and outlined in legislation. e) Direct comparisons with other UK regulators are difficult due to differing regulatory functions and structures, particularly regarding clinics. f) Independent hospices are classified as independent hospitals, so fees are charged per bed, consistent with other services. g) There are currently 30 new services projected, with the possibility of more registering, which could impact regulatory income. **Decision: The Committee agreed to recommend a fee increase to the Board 2025-26 and accepted moderate assurance on the matter.** **Action: Provide comparable fee figures from England and Wales**
3.8	**Best Value Annual Report**
	The annual report consolidates cross cutting themes from the Organisation and Committees. The main conclusion highlighted the need to better understand the impact and outcomes of the Organisation's activities. The Committee agreed that the report be circulated to all committees for their information and, in future years, that each Committee be involved in assessing contributions to achieving best value and impact. **Decision: The Committee accepted a moderate level of assurance on the report.**

4.	INTERNAL AUDIT
4.1	**Internal Audit Report: Contracts Management**
	KPMG presented the Contracts Management Internal Audit Report, which identified good practices, with three medium priority findings noted, concerning the Service Level Agreement with SAS, the contract register, and performance management. **Decision: The Committee accepted significant assurance on the contracts management report with minor improvement opportunities.**
4.2	**Internal Audit update including Internal Audit Actions Progress Report**
	Since the last period, 12 new actions have been added following approved internal audit reports, and 6 actions have been closed, leaving 28 outstanding actions, 10 of which are overdue. The Committee raised concerns about whether target dates are being set inappropriately or if other priorities are delaying the completion of agreed actions from internal audit reports. **Decision: The Committee noted the progress report.** **Action: Executive Team to discuss the appropriateness of deadline for the outstanding audit actions**.
5.	**RISK MANAGEMENT UPDATE**
5.1	**Strategic & Operational Plan Risk Registers**

	The Risk Manager highlighted the following key points:
	  a) The development of a safety information service is underway, which may bring the Safety in Patient Care risk within appetite in the new year.
	  b) There will be a focus on improving how operational risks are presented to the Committees and the Board.
	
	The Chair informed the Committee that he will explore ways and engage in discussions to allocate more time for addressing risk at both the strategic and operational levels.
	
	In response to questions from the Committee, the following additional information was provided:
	  c) Preparedness should be factored into assessing the overall risk level.
	  d) We are hesitant to lower the Cybersecurity risk. Despite having good measures in place, human interaction remains a vulnerability, and unforeseen threats can arise, making the risk high.
	  e) There is a requirement to appoint a Cybersecurity Champion for the Board, and this is currently under consideration.
	
	Decision: The Committee accepted the levels of assurance offered within the paper.

6.	STANDING BUSINESS
6.1	Board 3 key points
	The Chair listed the key points as: Best Value Report, Procurement Report and Risk Management.
6.2	Feedback session
	Reflections included effective chairing and timekeeping, and high quality papers.
7.	ANY OTHER BUSINESS
7.1	There was no other business discussed.

Approved by: Rob Tinlin, Committee Chair
Date: 27/11/24

Next meeting: 27 November 2024 10am