

# TIAN News

September 2022



## Introduction

I am delighted to welcome you to our second edition of TIAN News. This edition includes a wide range of articles including:

- the development of governance within the new NHS system architecture;
- how TIAN's internal audit teams across the country are helping support our clients to address key risk areas;
- sustainability and the introduction of Social Value in Procurement; and
- Email Security Standards and ways to help minimise Salary Overpayments.

**Leanne Hawkes, Director of 360 Assurance and Chair of TIAN**

## NHSE Financial Sustainability Audit

In May NHSE wrote to advise all NHS bodies of a new requirement to undertake a self-assessment against a recently published HFMA Guide on Financial Sustainability. Each organisation is required to commission their internal auditors to review the self-assessment. During June and July, our TIAN chair worked closely with NHSE to finalise the guidance on the scope of this audit work. The final NHSE audit guidance was issued on 27<sup>th</sup> July and confirmed:

- The scope of testing – with 12 of the 72 elements to be subject to audit review.
- Audit Committee involvement – the Terms of Reference for the audit must be agreed by Audit Committees, and the resulting audit report must be submitted for Audit Committee review.
- Timing – The internal audit must be commissioned by the end of September, which is the deadline for the self-assessment to be completed (and signed off by the organisation's Chief Executive); and then the audit must be completed by the end of November.

TIAN is working collaboratively, with a common reporting template produced, and plans are in place to anonymously share and compare results to help promote consistency and share good practice.

*For further information on this please contact your local TIAN team.*

## Governance of Primary Care Networks

The development and roll out of Primary Care Networks (PCNs) was agreed as part of the national contract negotiations. PCNs are groups of GP practices working more closely together, with other primary and community care staff and health and care organisations, to provide a wider range of integrated services to their local populations.

To date, CCGs have supported the development of PCNs. However with the abolition of CCGs and the establishment of the Integrated Care Systems (ICSs), from July 2022, poses the question how will these changes impact PCNs? To help share experience and practice in this area MIAA have spoken to a range of CCG officers about the topic of PCN governance, and collated this learning into a PCN Governance Checklist.

Overall, there is a consensus that PCNs are a good concept, which align well with local communities to provide a range of benefits. However, the challenge is in the delivery of these, particularly in light of the move to ICSs from July 2022. Arrangements will need to be established, to ensure there are clear links between PCNs, Integrated Care Boards (ICBs), provider collaboratives and Place including funding arrangements.

Given that PCNs currently have no legal status, governance arrangements and decision -making are difficult to navigate. There are around 1,250 PCNs nationally and as a consequence, different PCNs will be operating at varying levels of maturity. Relationships are key to support development and will help enable PCNs to achieve more than being just a cluster of GPs working within fund pooling arrangements.

Whilst Clinical Directors have often been appointed, to lead the PCNs, it is clear that GP capacity and staffing will be a challenge. The development of workforce strategies will be instrumental to supporting this.

Fundamental to the success of PCNs is the establishment of robust governance arrangements. It will need to be ensured there are clear decision-making processes and a Board established with appropriate representation. Clear lines of accountability will need to be defined including financial and Human Resources arrangements. Interaction with other healthcare bodies will also need to be taken into account.

The checklist has been produced in the context of evolving PCN maturity to support PCN's in building and reviewing their governance arrangements. This tool is structured around five key areas of: Strategic, Clinical, Financial, Human Resources and Informatics.

*Further information on this, including a copy of the full PCN Checklist, and also another recently developed checklist on the Governance of Place developed by MIAA in conjunction with Audit Yorkshire, is available at [www.miaa.nhs.uk/category/blog/briefings/](http://www.miaa.nhs.uk/category/blog/briefings/)*

### **Divisional Governance: Self-Assessment Matrix**

360 Assurance recently developed a Divisional Governance Self-Assessment Matrix and Group/Committee Administration [Checklist](#). This was developed using national guidance as a base and evolved through discussion at a workshop in June, with representatives from 13 of our provider clients in attendance.

In preparing the document we used the following documents as a starting point:

- NHSE/CQC Well-led Framework and KLOEs.
- Good Governance Institute matrices.
- Centre for Quality in Governance matrix.
- Internal governance frameworks and handbooks kindly shared by: Nottingham University Hospitals NHS Trust, Rotherham, Doncaster and South Humber NHS FT, Sheffield Teaching Hospitals NHS FT and Yorkshire Ambulance Service NHS Trust.

The tool can be used to undertake your own self-assessment, benchmarking across divisions. You can choose specific rows of the matrix to focus on rather than assessing against every row, or use it to support deep dives.

*Further information on this, including copy of the full Checklist, is available at <https://www.360assurance.co.uk/divisional-governance-self-assessment-matrix/>*

### **Internal Audit: At the heart of System success**

Louise Cobain, Executive Director of Assurance at MIAA is also a member of the HFMA Governance and Audit Committee, and recently wrote the following [blog](#) for the HFMA on challenges facing new ICSs, and how internal audit can help support them.

From a review of financial controls in integrated care boards to keeping boards focused on their key

risks, internal auditors have a major role in supporting the move to system working. The change to the integrated care board (ICB) establishment date to 1 July 2022 provided a number of challenges for clinical commissioning group internal audit providers. These included the need to provide sufficient coverage across the internal control, risk management and governance framework, in a short period of time to deliver a head of internal audit opinion.

The due diligence guidance and checklist issued by NHS England was a key reference point, including consideration of the key risks associated with cessation and the adequacy of transition plans. At internal audit specialist MIAA, this process was undertaken for 27 CCGs and one shared service organisation, so overall it was quite a challenge!

A key element of our approach was to develop an internal audit and anti-fraud ICB handover document. This brought together the recommendations from previous internal audit and anti-fraud reviews to be transferred to the ICB, details of investigations and referrals transferring, and also the position relating to significant risks remaining on CCG governing body assurance frameworks at the point of transfer.

This legacy position is a key element of the ICB internal audit plan, as ICB audit committees seek assurance on the progress of internal audit recommendations that have been transferred from demised organisations together with assurance on the management on legacy risks.

The development of the ICB internal audit plan was a key element of NHS England's due diligence checklist. It is important that this plan reflects the change in strategic objectives and direction from CCGs to ICB and that an assessment of the ICB's risk profile is undertaken.

Assurances need to be built around the ICB risks. The risk assessment should also consider what core and mandated assurances are required, national and regional risk areas, place-based developments and the ICB's strategic risks – together with the requirements of the Public Sector internal audit standards.

NHS England has mandated an internal audit review of ICB financial controls, which is based upon the HFMA's checklist: Improving NHS financial sustainability: are you getting the basics right? This review is focused on core financial controls and what should be in place to provide assurance to the ICB audit committee on its financial sustainability.

National and regional risk areas will include areas such as contract management, continuing healthcare, serious incident management oversight, population health management and the quality governance framework. The risk assessment and planning process undertaken by internal auditors will determine the prioritisation of these areas for review within the internal audit plan.

The internal audit risk assessment will also need to consider the assurance requirements at place and the need for internal audit focus at place level, providing assurance for place boards and the ICB as a whole.

It is evident that governance remains a key priority area for internal audit focus, particularly relating to board development, committee structures and their effectiveness, conflicts of interests and the development of the ICB assurance framework. Assurances will be required on the operating effectiveness of the governance framework and internal auditors should consider a phased approach to their reviews, as systems and processes are designed and embedded.

There also needs to be consideration of wider system assurances, including assurances from provider collaboratives and partner organisations.

Ultimately, in this first year of ICB operation, the internal audit plan needs to remain flexible to allow for responses to emerging challenges that the ICB may face. At the same time, it must remain focused on delivering the head of internal audit opinion to meet the requirements of the Public sector internal audit standards and supporting the ICB's reporting requirements. There will need to be an ongoing risk assessment process to ensure that the internal audit plan remains focused on the

ICBs key risks and challenges and continues to add value.

*Louise can be contacted on [louise.cobain@miaa.nhs.uk](mailto:louise.cobain@miaa.nhs.uk) / 07795 564916.*

### **Salary Overpayments – A cautionary tale!**

Many NHS Audit Committees have struggled with the extent and level of salary overpayments being reported to them. It was recently reported in the Health Service Journal that South London and Maudsley NHS Foundation Trust (SLAM) had incurred salary overpayment costs of £1.1m in 2021/22 with an additional £300k incurred in the period up to May 2022. A total of £200k in salary overpayments was incurred in May 2022 alone. This position was reported to the Board of Directors as one of their financial metrics contained in their Integrated Quality and Performance Report.

SLAM reported the reason for the errors as:

- Overpayments to leavers.
- Payments to new starters who do not actually commence work for the Trust.

A root cause analysis identified:

- Minimal accountability for managers not processing leavers form promptly.
- Limited HR capacity to monitor and manage leavers / new starters process.

360 Assurance, Audit Yorkshire and MIAA completed a benchmarking exercise for salary overpayments in October 2021. The exercise focussed on data for the three years of 2018/19, 2019/20, and 2020/21 and included 26 participating Trusts. The key messages from this benchmarking were:

- In 2020/21, £6.28m was overpaid by the 26 NHS Trusts that participated in the benchmarking exercise.
- A total of 4,872 individual overpayments were made, and of these £3.29m had been recovered.
- Over the past 3 years, there had been a general increase in the number and value of salary overpayments being made. Although a few Trusts had made year on year improvements, for most the situation had deteriorated, or followed no clear trend either way.
- Overpayments occurred for a variety of reasons, with the most common being late notifications of staff changes affecting pay (such as employee terminations). In most cases, very few were attributable to payroll errors.
- The average value of overpayments being made by each Trust was highly variable. There was a significant difference between the lowest and highest values of overpayments being made, regardless of Trust type (Acute/Non-Acute/Ambulance).
- The value of overpayments per 1,000 WTE ranged from £5,046 to £129,830 in 2020/21; with the number of overpayments made per 1,000 WTE in 2020/21, ranging from 5 to 96.
- Very few Trusts had managed to sustain improvements in their overpayments position over three successive years, and for some there had been a significant deterioration in their overpayments position in 2020/21.
- Relatively minor values were being written off by Trusts compared to the total value of overpayments made. Just £2,491 was written off in 2020/21 across the 26 Trusts. Either Trusts have a very high level of confidence that all monies lost will be recovered, or Trusts are not being realistic about repayment risks.
- The most common repayment terms stated by Trusts were that overpayments should be recovered over the same period of time that the overpayment was made.
- Trusts who accept a combination of ESR Manager Self-Service or manual forms see fewer overpayments than where forms are used on their own.

Some of the initiatives that Trusts reported they were taking in response to this issue were:

Initiative type	Responses by Trusts
Reviews	One Trust reported undertaking regular checks to eRoster of certain items such as: <ul style="list-style-type: none"> <li>○ Leavers which have been processed.</li> <li>○ Unpaid absence which typically is not checked until the following month.</li> <li>○ Sickness periods where an employee may need to go into half pay.</li> </ul>
Reports	A Trust advised that an overview of overpayments is sent to the Audit and Risk committee, with ELT notified beforehand. A further Trust advised of a monthly report is in place for the systems teams and payroll provider.
Working groups	One Trust advised that it had established an 'Overpayments Working Group' The group has representatives from across the Trust, including: <ul style="list-style-type: none"> <li>○ Operation Management</li> <li>○ HR Business partners</li> <li>○ Central resourcing</li> <li>○ Finance</li> <li>○ Divisional Finance management</li> <li>○ Payroll</li> </ul> The group's work includes <ul style="list-style-type: none"> <li>○ Renewing local processes for completion of change forms</li> <li>○ Root cause analysis</li> <li>○ Monitoring of nominal roll checking</li> <li>○ Creating reports to identify payroll changes based on the staff rotas</li> </ul>
Outside Providers	Another Trust advised that it holds regular meetings with counter fraud, and is working together with its payroll provider, following standard financial instructions.
Adapting Processes	Five different Trusts advised of work they had undertaken to review and adapt their processes: <ul style="list-style-type: none"> <li>○ Creation of bespoke e-forms that remind and encourage the completion of other e-forms/termination forms.</li> <li>○ People Services are trialling managers emailing them once they know a member of staff is leaving, so people services can then chase the form if not submitted close to when the member of staff is due to leave.</li> <li>○ From 21/22 termination forms can be submitted without the final annual leave included which can be emailed later to allow for an earlier submission.</li> <li>○ Positive return system is in place for Managers to check details of (non eRoster) employees on ESR including contracted hours. This return is then used by Managers to claim additional hours, enhancements etc.</li> </ul>
Manager Focus	Making sure Line Managers are aware of timely notification of any changes that effect pay. Two Trusts advised that they were putting emphasis on emailing managers who submit termination forms late, to understand the reasons behind the late submissions. One Trust advised of the introduction of a formal non-compliance process (included in the overpayments policy). They advised that this has helped to target repeat offenders (e.g. managers who submit forms late). One Trust was issuing monthly reminders to managers via the intranet and staff bulletin with reminders to submit forms (although using different narrative within the heading to repeatedly draw their attention).

It was clear from the exercise that a strong control framework - from setting the policy framework to monitoring – is necessary in order to minimise the risk of losses through salary overpayments. *A full copy of the benchmarking results are available [here](#). or as an updated client briefing from Helen Higgs, Managing Director of Audit Yorkshire, [helen.higgs2@nhs.net](mailto:helen.higgs2@nhs.net) / 07931 224784.*

### Internal Audit Benchmarking

The IIA(UK) recently issued a report<sup>1</sup> on “[Internal audit in 2022: a benchmarking report](#)”. The institute partnered with specialist internal audit recruitment consultancy Barclay Simpson to produce an inaugural benchmarking report to answer the question: “How does my internal audit function compare to others?” Going forward this is intended to be an annual report, with future editions building on the core foundations of this initial guide.

The report was compiled from a ‘State of the Profession’ survey which asked audit leaders 29 questions across four key categories:

- The internal audit function: size, sector and budgets
- CAEs in focus: tenure, reporting lines, EQAs and remuneration
- Inclusion and diversity: current practices and areas for improvement.
- Skills and resourcing: headcounts, skill gaps and co-sourcing

The results of illustrate the considerable diversity of internal audit functions across the UK and Ireland, and it is clear that a ‘typical’ audit department is difficult to define. Every function operates differently, depending on the size of the team, organisation and budget, and they each have unique skills and resourcing challenges. Some interesting key findings include:

- 53% of Internal Audit functions contain five or fewer auditors,
- 39% have between six and 50,
- 6% of respondents said their team has more than 50 auditors,
- Only 1% of Chief Audit Executives completely outsource the function.

The UK institute’s results were mirrored in a report<sup>2</sup> also published in July by the Internal Audit Foundation and the international IIA. “[Internal Audit: A Global View](#)”, was based on a global survey with feedback from more than 3,600 auditors in 159 locations. This found that globally 51% of Internal Audit teams have five or fewer auditors, while 39% have between six and 50, and only 10% have >50 staff. The results reveal regional differences within a vibrant and diverse profession that is not only broadly involved in traditional activities like compliance, risk, and fraud but also adding value for stakeholders through governance, sustainability, and IT/cybersecurity engagements.

The report identifies 12 actions providing opportunity for improvement and continued growth in the following areas:

#### Internal Audit Focus

- i. In addition to essential compliance skills, build skills in other areas of significant internal audit involvement as well, including fraud, risk assessment, and technology.
- ii. For risk areas in which internal audit has responsibility, ensure that management retains oversight and reviews are conducted independently.
- iii. Balance in-house and co-sourced staffing to ensure needed technical skills are obtained.

#### Meeting Expectations

- iv. Use the Standards to guide and demonstrate internal audit professionalism.
- v. Improve internal audit effectiveness by implementing a Quality Assurance and Improvement Program (QAIP).
- vi. Track key performance indicators (KPIs) and define strategy to demonstrate value and align

<sup>1</sup> <https://www.iaa.org.uk/policy-and-research/research-reports/internal-audit-in-2022-a-benchmarking-report/>

<sup>2</sup> <https://www.theiaa.org/en/content/research/foundation/2022/global-view/>

with business priorities.

#### **Influence and Funding**

- vii. Consider the possible effect of having an administrative reporting line that does not go to the CEO.
- viii. Secure independence through appropriate functional reporting lines, based on organizational characteristics.
- ix. Leverage audit committees or boards to advocate for sufficient internal audit funding.

#### **Today's Internal Auditor**

- x. Provide relevant opportunities to attract and retain younger talent.
- xi. Enhance career development with internal audit certification.
- xii. Ensure adequate training hours for both certified and noncertified auditors.

*Membership of TIAN gives your internal audit team access to a pool of over 200 Internal Auditors and other related ICT and Counter Fraud specialists. For further details please contact your local TIAN team to explore how we can help meet all your assurance needs.*

#### **Harnessing the power of Data Analytics – AuditOne's journey**

AuditOne started building their analytics capability in 2020. With new opportunities and risks around every corner, understanding and obtaining insight from health data is even more important to our clients. We ran several successful pilot audits after our initial trials with an analytics tool. The first pilot area was Payroll, with lots of data readily available to deploy analytics. The pilots first involved reaching out to data contacts and getting detailed information on the data available, before running a large range of data analytics tests. The results of some of these supplemented current audit tests, whilst others added extra insight to inform our reports to clients. Clients were kept informed of the testing, and their feedback was used to help develop our approach. After each pilot, test programmes were created to facilitate future use of tests we might want to use again.

On the back of the success of these pilots, we then developed our audit processes to include data analytics at an early planning stage and have trained our staff accordingly. Working with specialist partners (Technology4Business) we have leveraged their expertise to develop the area further and help our audit managers to think differently about testing strategies and how data analytics can give increased assurance to clients. We have also incorporated data analytics considerations into our annual planning cycle, which is allowing us to branch out further into areas that might not seem suitable at first glance. Throughout 2021, we have repeated analytic work in areas previously piloted, and also developed new test programmes for areas not worked on before. AuditOne has now built up and documented a range of experience so tests can be efficiently repeated in future, and undertaken across different clients.

2022 is all about developing our vision for data analytics and driving further insight for our clients. We have made significant progress through extensive planning across our Business Assurance and Technology Risk Assurance team. With help from the Technology4Business team this has included deploying a new data analytics tool (Arbutus Analyser) enabling more advanced data analytics, and extension of training to include our Counter Fraud staff. All staff now have an insight into the power of data analytics, and some staff now have the confidence and knowledge to begin carrying out their own data analytics testing. We have started issuing a monthly internal newsletter which gives examples of audits where we have applied data analytics successfully, sharing knowledge within the team and providing updates on further work in this area. We are also developing a similar quarterly update for clients. Our long-term vision is to deliver a multidisciplinary insight driven audit approach which will benefit clients through delivery of innovative assurance in a faster, cheaper, and more impactful manner.

*For further information about developing data analytics, and how these tools can help inform your*

audit and counter fraud work, please contact Stuart Fallowfield, Director of Assurance Services & Deputy MD of AuditOne at: [stuart.fallowfield@audit-one.co.uk](mailto:stuart.fallowfield@audit-one.co.uk) / 07980 729656.

### **DCB1596 – Secure Email Standard**

Emails sent to and from health and social care organisations must meet the secure email standard (DCB1596) so that everyone can be sure that sensitive and confidential information is kept secure. Accreditation to the standard provides assurance to organisations and their business partners that email communication to and from them (a critical business tool) is secure.

There are two ways to meet the secure email standard:

- Implement an already compliant service such as [NHSmal](#), Office 365 or Google G Suite.
- Demonstrate that the email service utilised is compliant with the secure email standard by following the secure email accreditation process.

When utilising Office365, it is the responsibility of an organisation to verify the configuration of their service via an IT Health Check (ITHC) using the CIS Microsoft 365 Foundation Benchmark. The ITHC culminates in the production of a report and action plan which is then submitted to NHS Digital for review and approval. Submissions that are approved provide the applicant organisation with DCB1596 accreditation for 12 months, after which time the process must be repeated. A list of all accredited organisations is available [here](#).

When utilising other Exchange, hybrid or other email services the organisation utilising the service must submit assertions and evidence that they meet the ICT Service Provider elements of the standard. These will be reviewed by the NHS Digital Data Security Centre.

Historically, NHS Digital provided DCB1596 ITHCs via a 3rd party consultancy organisation however funding for the assessments was not renewed for 2022/23. Subsequently, the WMAS IT Audit team have been undertaking ITHCs for multiple NHS organisations seeking to renew their accreditation and therefore ensure the ongoing confidentiality, integrity and availability of their email systems.

**Action required:** Organisations do not have to worry about DCB1596 if they only use NHSmal – however many organisations choose to use other options based on their functionality and security needs. Provision of ITHCs by WMAS has assisted NHS organisations to maintain their DCB1596 accreditations within the required renewal period and achieve a financial saving when compared to provision via 3rd party consultancy providers. For organisations which have chosen to use NHSmal, then to help ensure effective security we recommend they implement Mutli-Factor Authentication.

*Additional information regarding the Secure Email Standard is available via:*

<https://digital.nhs.uk/services/nhsmal/the-secure-email-standard#list-of-accredited-organisations>  
or from Gary Colman, Head of IT Audit & Assurance Services, [gary.colman@wmas.nhs.uk](mailto:gary.colman@wmas.nhs.uk) / 07551 369 541.

### **Sustainability in the workplace**

ASW Assurance has recently been considering how to make the workplace more sustainable, and Vikki Popple, Business Support and Corporate Governance Manager at ASW provides some tips and ideas to consider in the following blog.

The term ‘sustainable workplace’ can be interpreted in a variety of ways, but key to its definition is the development and promotion of a workplace that balances the services it provides with its people, and the planet, to produce success and viability in the long term.

#### **What is a carbon footprint?**

A carbon footprint is a measure that allows the calculation of the total climate change impact of something by a carbon dioxide equivalent (CO<sub>2</sub>e) metric. CO<sub>2</sub>e translates all different greenhouses gases into a comparable amount of CO<sub>2</sub>. As a result, products with different manufacturing and usage processes can be compared under the same metric.



The average carbon footprint for a person each year in the UK is **five tons**. Globally, the average carbon footprint is closer to four tons.

To have the best chance of avoiding a 2°C rise in global temperatures, the average global carbon footprint per year needs to drop to under two tons by 2050. This can include anything that causes the burning of fossil fuels, resulting in greenhouse gas emissions. Examples of this would be driving to work, energy to power or heat our homes/work locations and waste disposal.

Did you know that sending a posted letter within the UK uses 29g CO<sub>2</sub>e? We send extraordinarily little posted letters and prefer to use email. In doing so, we are reducing our carbon footprint, but a few things to note:

- Sending a standard email uses 4g CO<sub>2</sub>e.
- Sending an email with attachments uses 50g CO<sub>2</sub>e.
- Receipt of spam emails uses (time and energy to read/delete) 0.3g CO<sub>2</sub>e.
- Instant messaging (Microsoft teams) uses just 0.02g CO<sub>2</sub>e per message.

When composing a message, your laptop or phone is using electricity. When you hit “Send” on the message, the network connection powering your Internet uses electricity, as does the server that transfers your message to its intended recipient.

It is estimated that the average office worker receives 121 emails per day, and that half of these will be spam. The remaining half is equally comprised of those with and without attachments (those with attachments have more than one).

This means that a days’ worth of emails received is equal to 1,652g CO<sub>2</sub>e. And that one years’ worth of emails received equals 603,393g CO<sub>2</sub>e = 0.593863329 or 0.6 tonnes CO<sub>2</sub>e. This is almost an eighth of the 5 tons per person in the UK.

Use the <https://www.cwjobs.co.uk/insights/environmental-impact-of-emails> calculator to help you realise the impact of emails on your carbon footprint. Where you can, consider using instant messaging (Microsoft Teams) instead of emails.

We are all aware of the dire effect that humans can have on our planet and dramatic climate change issues that are reported across the world. By making slight changes to the way we work, we could all do our bit to reduce our carbon footprint, and at the same time improve the services we supply, save costs, increase employee productivity, and protect the planet.

For further information on this topic, or to share your ideas on how to minimise our environmental impact, please contact Vikki Pople, Business Support and Corporate Governance Manager at ASW, [vikki.pople@nhs.net](mailto:vikki.pople@nhs.net).

### **Developing Procurement Practice – Social Value**

**What is “Social Value”?** Social Value is the additional social, economic and environmental benefit we can generate in society and our local communities through our commercial activity. It is an evolution of ESG or CSR for the public sector and in most people’s opinion is a “good thing”. Whilst the theory garners majority support, a clear understanding and effective implementation is not quite so commonplace.

Ultimately, the objective is to generate as much social value as possible from every pound that the NHS spends with its supply chain. That could include new jobs, apprenticeships, training, work experience, decarbonisation, improvement in air quality, reduction in waste and single use plastics, reducing the gender pay gap, paying living wages, reducing inequalities, improving physical and mental health of the workforce, supporting community integration, buying from local suppliers and SMEs and the list goes on... If we get it right, it could have a hugely positive impact on the communities we serve. How amazing would that be!

**Why is it now so important in Procurement?** Applying social value as a minimum 10% weighted Award Criteria in public sector procurement become mandatory since April 2022 through a

government procurement policy note (PPN 06/20).

**What are the implications?** Applying this seems easy on the face of it: *“don’t you just add a couple of Social Value ITT questions worth 10% , easy peasy?”*. Well, if that is all you do, then you might struggle to comply with the other part of the policy that says you must be able to report on delivery of Social Value against all your major contracts! This means that all NHS bodies need to address this area properly – and ensuring they capture proper proposals from tenderers in the procurement stage that include measurable KPI targets and credible delivery plans that can be tracked and reported against throughout contract delivery.

**What guidance is available?** The Cabinet Office has produced a “Social Value Model”. This effectively sets out themes, outcomes and measures. Whilst this gives a clear blueprint to follow, organisations still need to add and embed appropriate systems, processes and governance, including training the associated individuals involved in delivering it.

**How much is it going to cost?** The theory is that generally it should not cost anything extra at all. It is added value generated from the same money paid for services or products being brought already. Social Value asks the question: *“If £1 is spent on the delivery of services, can that same £1 be used to also produce a wider benefit to the community?”*. Effectively suppliers are being asked if they can make Social Value commitments as part of the procurement process which can act as a differentiator. Suppliers that are prepared to offer and commit to delivering Social Value alongside their service delivery will gain a competitive advantage over ones that do not. Clearly if suppliers charge extra for it, then they will lose any competitive advantage gained in the Price element of the competition.

**Potential pitfalls?** Apart from introducing robust systems to apply, measure and report on Social Value, one of the biggest challenges for NHS bodies will be holding suppliers to account. i.e. What is your approach to suppliers who commit to delivering lots of great social value in their tender (at no extra cost) but then fail to actually deliver? Whilst options include applying contractual remedies, reputational consequences etc these may be difficult to apply in practice if their core service is good.

**Potential benefits?** The first tender which one large NHS Trust received back with Social Value criteria included offers of:

- Reduction in transport miles (improved air quality, reduced emissions)
- Investment in Electric Vehicles
- Local community volunteer hours
- Training for staff mental health support
- Commitment to employ people with disabilities on the contract
- Commitment to employ local residents on the contract who are currently not in employment, education or training.
- Pay real living wages and maintain 0 gender pay gap.

**How prepared is your Procurement team?** Some pertinent questions to ask about readiness to implement Social Value effectively are:

- Has responsibility for leading this area been clearly assigned – who is championing it?
- Have your processes, systems and means of measuring & reporting on Social Value been defined?
- Is compliance to PPN 06/20 included within your investment application, business case processes and internal procurement audits?
- Does Social Value feature in reporting to the top-level finance board.
- How and where do you publish your social value generation results on a publicly available platform.

*This article is based on a [blog](#) by Mark Johnson, Procurement & Commercial Lead at Barts Health NHS Trust. For further information on how your audit provider and TIAN deliver Social Value, or on*

ways we can give assurance that your organisation is complying with this new requirement, please contact your local TIAN team.

### Governance Across Partnerships Event – 29<sup>th</sup> September

360 Assurance and Audit Yorkshire have teamed up with the Good Governance Institute to offer clients an [event](#) that examines two fundamental aspects of governance: ‘Establishing objectives’ and ‘Risk management’; and considers how these can best be achieved across partner organisations with different aims, performance targets, pressures and financial incentives. The session has an excellent line up of speakers, who will all bring insights and experience from both current and former roles working within organisations at the forefront of ICS partnerships. The event is open to all TIAN client members and can be attended either online or in person at Doncaster Racecourse on 29 September 2022. For details of the full programme, and to book a place please visit [www.360assurance.co.uk/events/governance-across-partnerships/](http://www.360assurance.co.uk/events/governance-across-partnerships/) or contact [Kirstie.anderson@york.nhs.uk](mailto:Kirstie.anderson@york.nhs.uk)



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