

Greater Glasgow NHS Board

Board Meeting

Tuesday 21st February 2006

Board Paper No. 2006/03

Chief Executive

NHS ARGYLL AND CLYDE INTEGRATION

Recommendation:

- **The Board is asked to note progress in exchanges with the Scottish Executive Health Department.**

A. BACKGROUND AND PURPOSE

- 1.1 The Minister has now confirmed his proposed boundaries to enable the dissolution of Argyll and Clyde NHS Board. The proposal is that Greater Glasgow will take responsibility for the whole of the West Dunbartonshire and East Renfrewshire Council areas and for the Renfrewshire and Inverclyde Council areas.
- 1.2 The purpose of this paper is to set out the issues which have emerged from our work to date through the joint structures which were established to manage the dissolution of NHS Argyll and Clyde and its integration into the responsibilities of NHS Greater Glasgow and Highland.
- 1.3 The paper also provides an update on our progress in reaching agreement with the Scottish Executive Health Department (SEHD) on how these issues will be addressed in a way which does not create detriment to the present Greater Glasgow population in either service or financial terms.

B. FINANCIAL APPRAISAL

- 2.1 In order to assess and understand the financial position of NHS Argyll and Clyde, a joint financial planning subgroup was formed between the three Boards. A period of intensive work led to a number of detailed conclusions for discussion with the Scottish Executive Health Department. The review highlighted a number of significant financial issues, including high risks associated with elements of the present Argyll and Clyde savings plan, most particularly, savings in community care services which were not agreed with Local Authorities. There are also a number of emerging pressures.
- 2.2 The Board's Chief Executive has now met the SEHD Chief Executive and Acting Director of Finance to discuss our appraisal. Our proposal has been that:
 - each Board should receive a core allocation based on dividing the total Argyll and Clyde Arbutnott share between Highland and Greater Glasgow on an Arbutnott formula basis;

- sources of funding and applications which relate to our new responsibilities should be distinct from the existing Greater Glasgow financial flows during the agreed transitional period;
- there should be a formal agreement with the SEHD to provide the necessary financial support for a three year period, with a commitment from NHS Greater Glasgow to develop detailed plans to return to spending within the appropriate Arbutnott allocation.

2.3 In addition to these issues, in relation to savings we identified a series of further points for discussion including that:

- there will be a clear requirement for non recurrent bridging to deliver the community care plans which include substantial hospital closure programmes;
- there will be significant financial consequences of redeployment and possible redundancies;
- there will be significant costs of integration, including information technology, legal and other related costs;
- there will be issues in relation to the impact of the new Mental Health Act which will enable patients to mount legal challenges;
- a number of key primary care premises developments have additional revenue costs not fully covered in the financial plan.

2.4 We anticipate that further similar issues will continue to emerge over the next few months.

2.5 Finally, it is already clear that, in a number of key service areas, current Argyll and Clyde residents have access to substantially lower levels of service than would be the case for the population served by NHS Greater Glasgow.

C. POSITION WITH THE SEHD

3.1 Our discussions with the SEHD have been productive. There is an understanding of the substantial financial challenges associated with the Clyde responsibilities and a willingness to work with us to jointly deal with those challenges. This includes a commitment to establish a timely process to reach a detailed agreement on transitional finance before the Local Delivery Plan is signed off. This progress enables us to credibly establish a new financial planning process with Local Authorities based on existing spending patterns.

D. HUMAN RESOURCES ISSUES

4.1 We have begun a detailed programme of work on HR issues, which has already established a number of problems, and potential risks. These are briefly summarised below. It is also worth highlighting a particular element of the draft dissolution order which the SEHD are development. It is proposed that Greater Glasgow NHS is the default employer at 31st March 2006 for Argyll and Clyde staff not explicitly allocated to either Board.

4.2 Examples of risks include:

- potential redundancy and redeployment costs of Argyll and Clyde staff who cannot be matched into Greater Glasgow or Highland roles;

- the impact of the Argyll and Clyde voluntary early retirement and redundancy programme through which in excess of 150 administrative and managerial staff have left or are leaving the Board;
- a further risk associated with the redundancy programme, is the gaps in knowledge and expertise as we aim to develop a more detailed understanding of the underlying position which we may inherit;
- interim clinical staffing arrangements not fully reflected in recurring budgets.

E. CONCLUSION

5.1 We are in a position to report positives in addressing the key challenges in dissolution of Argyll and Clyde on funding and human resources. The Board will be kept up-to-date as these discussions need to progress rapidly over the next few weeks.

Publication: The content of this Paper may be published following the meeting

Author: T A Divers, Chief Executive