

NHS Board Meeting
Tuesday, 17 August 2010



Director of Finance

Board Paper No. 10/40

Audit Scotland:
Report on the 2009/10 Audit to the Board and
to the Auditor General for Scotland

Recommendation:

The NHS Board is asked to note the attached report by the external auditors, Audit Scotland, on the audit of the 2009/10 Statement of Accounts

BACKGROUND

The attached report had been prepared by Audit Scotland to summarise the key points to emerge from the audit of the 2009/10 Annual Accounts for both the NHS Board and the Auditor General for Scotland.

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NHS Greater Glasgow and Clyde

**Report on the 2009/10 Audit to the board and the Auditor
General for Scotland**

July 2010



 **AUDIT SCOTLAND**



NHS Greater Glasgow and Clyde

**Report on the 2009/10 Audit to the board and the Auditor
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Key Messages

Introduction

In 2009/10 we looked at the key strategic and financial risks being faced by NHS Greater Glasgow and Clyde (NHSGGC). We audited the financial statements and we also reviewed the use of resources and aspects of performance management and governance. This report sets out our key findings.

Financial statements

We have given an unqualified opinion on the financial statements of NHS Greater Glasgow and Clyde for 2009/10. We have also concluded that in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with applicable enactments and relevant guidance, issued by Scottish Ministers.

Financial position and use of resources

Scotland's economy is in recession and the public sector is under the greatest financial pressure since devolution ten years ago. It will be very challenging to maintain current levels of public services and meet new demands when resources are tight. It remains unclear what impact the current recession will have beyond 2010/11. The Scottish budget is likely to reduce in real terms but the full extent of this is not yet known. The Scottish public sector faces significant challenges in balancing its budget while also delivering on its commitments. Two per cent efficiency savings will not be sufficient beyond 2011 to bridge the gap between public spending and the smaller budget available. In the current economic climate difficult decisions will have to be made across the public sector about priority spending programmes.

The board carried forward a £0.441 million surplus from 2008/09 before taking account of adjustments arising from the implementation of International Financial Reporting Standards (IFRS). As at 31 March 2010 the board disclosed a cumulative surplus of £0.122 million.

The board's financial statements include significant provisions, particularly in respect of pensions and clinical and medical negligence claims. However, the financial statements do not reflect any potential liability for Equal Pay claims as there is a lack of information to enable quantification of the liability. Accounting estimates and provisions, by their nature, include a degree of uncertainty and any underestimate of costs in 2009/10 could have a significant impact in future years.

In the medium to longer term the board faces a number of challenges in maintaining its financial position. These include the requirement to meet the Government's savings targets, the cost pressures in respect of growth in prescribing costs, capital charges, pay modernisation and utility costs, and the uncertainty over the level of funding uplifts. The board had an underlying recurring deficit of £18.1 million in 2009/10 which was offset by a non recurring surplus of £18.2 million. The board has forecast a recurring deficit of £0.6 million in 2010/11. Non-recurring financial resources of £0.6 million have been identified to offset the deficit and achieve financial balance.



Partnership working

The board has established good partnership working arrangements in the areas of mental health and combating drug and alcohol misuse. However, there have been significant challenges in respect of partnership working with Glasgow City Council over the arrangements for the five Glasgow City Community Health Care Partnerships (CHCPs), particularly in relation to the full devolution of budgets. The board is considering disengaging from the current Glasgow City CHCPs and reorganising healthcare services based on a single NHS Entity with three operational sectors.

However, a meeting of the board's Performance Review Group (PRG), in early July 2010, considered the outcome of the independent review of the Glasgow City CHCPs by Sir John Arbuthnott which was commissioned by Glasgow City Council (GCC). Members of the PRG agreed that Sir John Arbuthnott's report provided a basis to achieve sustainable integration of health and social care within Glasgow. The members of PRG further agreed that if, in their view, GCC were to match the board's commitments to the integration of health and social care, the board should then pursue an intensive joint process to progress Sir John's recommendation and end its process to develop an NHS CHP. This area is, therefore, one which remains in transition.

It has been disappointing to see that the board and the council have not yet been able to reach agreement on mutually supported and fully workable joint working arrangements. We would therefore encourage the participants in the partnership to ensure that effective joint arrangements are put in place.

Governance and accountability

Corporate governance is concerned with the structures and process for decision making, accountability, control and behaviour at the upper levels of an organisation. Overall, the corporate governance and control arrangements for NHS Greater Glasgow and Clyde operated satisfactorily during the year, as reflected in the Statement on Internal Control. We also examined the key financial systems underpinning the organisation's control environment and concluded that financial systems and procedures operated sufficiently well to enable us to place reliance on them.

Performance

The board continues to progress work in improving data collection and ensuring consistency and comparability between different service areas within NHSGGC. Bi-annual organisational performance reviews (OPRs), chaired by the Chief Executive and a panel of Directors, review key areas of the local health system in conjunction with the local management team. This approach reflects good practice.

We carried out a best value review of people management arrangements at NHS Greater Glasgow and Clyde during the year using a best value toolkit. We concluded that the board were predominantly at the "better" practices level in this area.

The board is currently on track to achieve its HEAT (Health Improvement, Efficiency, Access and Treatment) targets. This involves a significant investment in resources from the board.



Looking forward

The final part of our report notes some key risk areas for NHS Greater Glasgow and Clyde going forward. There are significant challenges around future funding, implementation of the Acute Services Review, the achievement of savings targets and maintaining effective partnership working with Glasgow City Council. National issues around Equal Pay claims may also provide a challenge in future years.

The assistance and co-operation given to us by board members and staff during our audit is gratefully acknowledged.

Audit Scotland
July 2010



Introduction

1. This report summarises the findings from our 2009/10 audit of NHS Greater Glasgow and Clyde. The scope of the audit was set out in our Audit Plan, in accordance with the Code of Audit Practice, which was presented to the Audit Committee on 4 February 2010. This plan set out our views on the key business risks facing the organisation and described the work we planned to carry out on financial statements, performance and governance.
2. We have issued a range of reports this year, and we briefly touch on the key issues we raised in this report. Each report set out our detailed findings and recommendations and the board's agreed response. Appendix A of this report sets out the key risks highlighted in this report and the action planned by management to address them.
3. Best value duties apply across the public sector and, in the health service, best value is a formal duty on all accountable officers. Audit Scotland has adopted a generic framework for the audit of best value across the public sector and this has been further developed during 2009/10 with the formal introduction of its complete bank of best value toolkits which, although primarily designed for audit use, are available to all public bodies for reference.

Exhibit 1: Framework for a best value audit of a public body





4. A linked development here has been the Scottish Government's work to refresh its 2006 best value guidance for public bodies. This latter initiative, due for issue later in 2010, will result in clearer guidance to public bodies, and particularly those in the Central Government and Health sectors, on securing continuous improvement in performance, with due regard to the balance between cost and quality.
5. Throughout this report we comment on aspects of NHS Greater Glasgow and Clyde's arrangements in this area. Our comments are made on the basis of information made available in the course of the annual audit. We do not make an overall best value judgement because we do not yet have enough evidence to conclude on all relevant areas. Our intention is to build up the corporate assessment over time. This report represents a further step towards that goal.
6. Another building block for our assessment of best value is the national study programme carried out by Audit Scotland on behalf of both the Auditor General for Scotland and the Accounts Commission. Where these have a bearing on the activities, risks or performance of NHS Greater Glasgow and Clyde, we make reference to these reports in this document. Full copies of the study reports can be obtained from Audit Scotland's website, www.audit-scotland.gov.uk.
7. We would like to take this opportunity to express our appreciation for the assistance and co-operation provided by officers and members of NHS Greater Glasgow and Clyde during the course of our audit. This report will be submitted to the Auditor General for Scotland and will be published on our website.



Financial Statements

8. In this section we summarise key outcomes from our audit of NHS Greater Glasgow and Clyde's financial statements for 2009/10 and the accounting issues faced. The financial statements are an essential means by which the organisation accounts for its stewardship of the resources available to it and its financial performance in the use of those resources. The board's 2009/10 financial statements were prepared on the basis of International Financial Reporting Standards (IFRS) for the first time.

Our responsibilities

9. We audit the financial statements and give an opinion on:
- whether they give a true and fair view of the financial position of the board and its expenditure and income for the period in question
 - whether they were prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements
 - the consistency of the information which comprises the management commentary with the financial statements
 - the regularity of the expenditure and receipts.
10. We also review the Statement on Internal Control by:
- considering the adequacy of the process put in place by the Chief Executive as Accountable Officer to obtain assurances on systems of internal control
 - assessing whether disclosures in the Statement are consistent with our knowledge of the board.

Overall conclusion

11. We have given an unqualified opinion on the financial statements of NHS Greater Glasgow and Clyde for 2009/10.
12. As agreed, the unaudited accounts were provided to us on 10 May 2010 supported by a comprehensive working papers package. The good standard of the supporting papers and the timely responses from NHS Greater Glasgow and Clyde staff allowed us to conclude our audit within the agreed timetable and provide our opinion to the Audit Committee on 22 June 2010 as outlined in our Annual Audit Plan.



Issues arising from the audit

13. As required by auditing standards we reported to the audit committee on 22 June 2010 the main issues arising from our audit of the financial statements. The key issues reported were as follows.
14. **Equal Pay Claims** – As at 31 March 2010, NHS bodies had received some 11,000 claims and these had been referred for the attention of the NHS Scotland Central Legal Office. NHS Greater Glasgow and Clyde currently has 4,846 claims outstanding. It is possible that these claims represent a current liability for NHS boards generally. As with a number of other NHS boards, an unquantified contingent liability and has been included in NHSGGC's accounts for equal pay. Further details on this issue are included at paragraphs 18 to 21 below.

Risk area 1

15. **Pension provisions** – The current information received from the Scottish Public Pensions Agency (SPPA) is considered by the board to be insufficiently detailed and consequently the provision is based on best estimates. This is a recurring issue that affects all NHS boards. As in previous year's we again requested officials to review a number of cases where there appeared to be an overprovision. This resulted in a reduction of £290,000 although further review will be necessary when updated information is received from the SPPA. The board provided us with formal assurances, in a letter of representation, that the provision represents a reasonable estimate of the liability for pensions.
16. **Pension discount rate** - In the initial financial statements presented for audit, the pension and injury benefits provisions had been discounted at a rate of 2.2%. Advice received from the Scottish Government Health Finance Department (SGHD) on 19 April 2010 intimated that the discount rate to be applied should have been 1.8%. The application of this revised discount rate would have resulted in an increase of approximately £1.9 million in pension provisions and a corresponding charge to the Operating Cost Statement. NHSGGC and some other NHS boards asked the SGHD to review the position because it would have been unfair to utilise resources to cover for what was essentially a technical adjustment. The SGHD, having considered this matter, agreed to adjust the board's funding limit to accommodate the late change in the pension discount rate. This arrangement is on the basis that the funding adjustment will be reversed if the discount rate increases beyond the 2.2% previously applied or at an earlier date agreed between the board and the SGHD.
17. **Disposal of the former Woodilee Hospital site** – The board's balance sheet includes a debtor balance of £24.5 million in respect of the disposal of the former Woodilee Hospital site. This sum is due to be paid over a period of years in accordance with a payment structure agreed with a consortium of developers. We sought and obtained formal assurance from the board, in a letter of representation, that the income due from Woodilee would be fully recovered.

Risk area 2



Equal Pay Claims

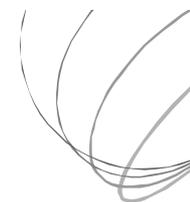
18. The National Health Service in Scotland has received in excess of 11,000 claims for equal pay and NHS GGC has currently 4,846 claims outstanding. These have been referred for the attention of the NHS Scotland Central Legal Office (CLO) to co-ordinate the legal response to this issue.
19. Developments over the past year have slowed the progress of claims and led to a reduction in the number of claims going forward. The CLO have stated that claims still do not provide sufficient detail about the comparator jobs to allow an estimate to be made of the likelihood of the success of the claims or of any financial impact that they may have. The NHS Scotland Central Legal Office and Equal Pay Unit are monitoring the progress of claims as well as developments relating to NHS equal pay claims elsewhere that may further inform the position.
20. Discussions have been held between Audit Scotland, their partner firms, the Scottish Government, the CLO and board representatives to ascertain the appropriate accounting treatment of equal pay claims in 2009/10. Given the CLO's advice that, although some liability is probable, it is not possible to estimate the impact of the claims, it has been agreed that disclosure as an unquantified contingent liability remains appropriate for the 2009/10 financial statements of affected NHS boards. Given the developments during the year and the comprehensive disclosure within the financial statements, auditors agreed that the emphasis of matter paragraph included within the 2008/9 audit opinion was not required for 2009/10.
21. We continue to strongly encourage NHS GGC, working with the Scottish Government Health Directorates, the CLO and other NHS boards to form a view of the potential liabilities as soon as possible taking into account the progress of cases in Scotland and England.

Regularity

22. The Public Finance and Accountability (Scotland) Act 2000 imposes a responsibility on auditors that requires us to certify that, in all material respects, the expenditure and receipts shown in the accounts were incurred or applied in accordance with applicable enactments and guidance issued by the Scottish Ministers. We have been able to address the requirements of the regularity assertion through a range of procedures, including written assurances from the Accountable Officer as to his view on adherence to enactments and guidance. No significant issues were identified for disclosure.

International financial reporting standards

23. As announced by the Chancellor in the 2008 Budget report on 12 March 2008, Government departments and other public sector bodies will report using International Financial Reporting Standards (IFRS) from 2009/10. As a prerequisite to this health boards were required to prepare shadow IFRS based accounts for 2008/09 to provide comparative figures for the 2009/10 IFRS based accounts. This exercise progressed well and provided a solid base for compiling the 2009/10 accounts.



Use of Resources

24. Sound management and use of resources (people, money and assets) to deliver strategic objectives is a key feature of best value. This section sets out our main findings from a review of NHS Greater Glasgow and Clyde's:

- financial position
- financial sustainability and the 2010/11 budget
- management of people
- management and use of ICT.

The board's financial position

Outturn 2009/10

25. NHS Greater Glasgow and Clyde is required to work within the resource limits and cash requirement set by the Scottish Government. The board's performance against these targets is shown in Table 1.

Table 1
2009/10 Financial Targets Performance

Financial Target	Target £ Million	Actual £ Million	Variance £ Million
Revenue Resource Limit	2,100.273	2,100.151	0.122
Capital Resource Limit	329.047	329.040	0.007
Cash Requirement	2,353.000	2,352.909	0.091

26. The board has achieved a cumulative surplus of £0.122 million. The board carried forward an adjusted surplus of £0.441 million from 2008/09. Table 2 overleaf shows how the current year's surplus of £0.122 million was achieved through a combination of recurring and non-recurring funding. The board had an underlying recurring deficit of £18.1 million in 2009/10 which was offset by a non recurring surplus of £18.2 million.



Table 2

Funding Position 2009/10

	£ Million	£ Million
Recurring income	2,701.0	
Recurring expenditure	2,760.4	
Recurring savings	41.3	
Underlying recurring surplus/(deficit)		(18.1)
Non-recurring income	48.6	
Non-recurring expenditure	36.9	
Non-recurring savings	6.5	
Non-recurring surplus/(deficit)		18.2
Financial surplus/(deficit)		0.1
Underlying recurring surplus/(deficit) as a percentage of recurring income		(0.67%)

Financial sustainability and the 2010/11 budget

27. In 2006/07, the board inherited a recurring deficit of £26 million from the former NHS Argyll and Clyde. The board secured the agreement of the SGHD for transitional funding over a three year period to allow NHSGGC to address this deficit. At March 2010 the board had succeeded in reducing all but £7 million of the £26 million recurring deficit. This residual amount is being addressed through the board's financial planning process.
28. There were tighter financial settlements for health boards in 2009/10 with a general uplift of 3.15% which was equivalent to the previous year but considerably down on the 6% in previous years. This downward trend has continued in 2010/11 as the SGHD has confirmed a general funding uplift of 2.15%. Also, with effect from April 2010 the SGHD confirmed a supplementary funding uplift of 0.4% giving an overall increase of 2.55% for NHSGGC in 2010/11. The supplementary funding uplift relates to the consolidation of access funding made available on a non-recurrent basis in previous years. It is likely that funding limits will be lower still in future years. This will have a significant impact on long term financial planning and the control of pay and non pay costs.
29. In 2009/10 the board's cost savings plan was central to the board achieving financial balance. The board came close to achieving its savings target of £49.4million in 2009/10, delivering £47.8 million of costs savings including a contribution of £4 million of non-recurrent costs savings to support the residual funding gap for the Clyde area. The board's 2010/11 cost savings plan is again central to it



achieving a break-even financial position in 2010/11. The plan aims to deliver £56.9m of recurring cost savings in 2010/11 which is equivalent to almost 3% of its Revenue Resource Limit. The board is aiming to deliver these savings through local cost savings targets (£36.7 million) and area wide strategic reviews (£20.2 million). This represents a major challenge for the board especially as this will be the third year in a row in which the board has been required to achieve a cost savings target approximating to £50 million in order to secure a balanced financial position. This is against a background of likely significant cuts in public sector spending by both the UK and Scottish Governments.

Risk area 3

30. A significant cost pressure for the board is the rate of growth in prescribing costs which currently is around 6% before any cost savings initiatives. For 2010/11, prescribing growth and inflation costs increases are likely to be of the order of £19.5 million. However, recent projections indicate that prescribing costs may be set to grow by a further £2 million. The board has a planned savings target of £9.5 million for prescribing to help offset the growth in costs but with the potential increase in costs of £2 million it will be necessary for the board to look for further cost saving measures in 2010/11. This remains a significant challenge for the board.

Risk area 4

31. The board has invested substantially in recent years to achieve the SGHD's national access targets on an ongoing basis. In compiling its financial plan for 2010/11 the board has assumed that it will require to deploy/utilise an additional £5 million of recurring funding each year to achieve national targets. There is the risk that the additional funding will be insufficient to enable the board to comply with the SGHD national targets. There is also a risk that the level of SGHD earmarked funding available to the board may be less than the sum received in 2009/10 (£ 34.4 million).

Risk area 5

32. Pay costs account for approximately 60% of all board expenditure and therefore have an important bearing on the board's financial position. During 2009/10 the board worked through the process of reviewing appeals in respect of Agenda for Change (AfC) assimilations. The additional recurring costs of those appeals that were upheld were closely aligned to the additional funding provision set aside by the board. The 2010/11 financial plan assumes that there will be no significant cost pressure from AfC while the growth in pay costs in subsequent years will remain fairly static at 1% in 2011/12 and 2012/13 respectively. A key challenge going forward is the potential liability for Equal Pay claims. As yet as there is a lack of information available to the board to enable quantification of this liability.



33. In the medium to longer term the board faces a number of challenges to maintaining its financial position. These include the requirement to develop comprehensive cost savings plans to achieve recurring savings, the cost pressures in respect of growth in prescribing, capital charges, pay increases and utility costs, and the uncertainty over the level of uplifts. The public sector as a whole is facing a difficult time ahead as emphasised in the Auditor General for Scotland's report '*Scotland's public finances: preparing for the future*' (February 2010) which is considered in more detail below.

Extract from Auditor General's report *Scotland's public finances*

The public sector is coming under the greatest financial pressure since devolution.

- Scotland's economy is in recession and the public sector is under the greatest financial pressure since devolution ten years ago. It will be very challenging to maintain current levels of public services and meet new demands when resources are tight.
- The Scottish Government and the wider public sector need to work together to develop better activity, cost and performance information. This information is needed to enable informed choices to be made between competing priorities, and to encourage greater efficiency and productivity.

The Scottish Government faces significant challenges in balancing the budget while also delivering on its commitments and meeting increasing demands for public services.

- It remains unclear what impact the current recession will have beyond 2010/11. The Scottish budget is likely to reduce in real terms but the full extent of this is not yet known.
- In many cases, the public sector uses income from various sources to pay for services. Income levels anticipated before the recession are unlikely to be realised, reducing the amount available to spend.
- The Scottish public sector faces significant challenges in balancing its budget while also delivering on its commitments. Changes in Scotland's population and rising unemployment rates will increase demand for public services.
- Two per cent efficiency savings will not be sufficient beyond 2011 to bridge the gap between public spending and the smaller budget available.

In the current economic climate difficult decisions will have to be made about priority spending programmes.

- The Scottish Government's annual budget is largely developed on an incremental basis which involves making adjustments at the margin to existing budgets. This approach is not suitable for budgeting in a financial downturn because it does not easily allow informed choices to be made about priorities, based on robust information about activity, costs and performance.
- The Scottish Parliament has an important role in scrutinising the government's spending plans. Better information linking spending to costs, activities and service performance, and a rolling programme of performance reviews, would support the Scottish Parliament in fulfilling this role.



People management

34. Audit Scotland is developing a range of audit toolkits to test for the application of key best value principles. These are being developed for use by auditors although they are also being made available to public bodies themselves for reference. In 2009/10, continuing our focus on the use of resources, we applied the best value toolkit on People Management. This exercise was part of our developing approach to the audit of best value which involves the cumulative development of a picture of NHS Bodies' best value activities over a period of time, setting it in the context of identified best practice.
35. The People Management toolkit covered a number of specific areas: policies and structures supporting effective people management; integration of workforce planning with strategic and financial planning processes; managing and developing the performance of staff, and communication and involvement of staff.
36. A number of areas of good practice were identified by our audit work including:
- The board holds an annual Partnership Conference which involves senior managers and senior trade unionists and discusses amongst other things the results of the staff survey.
 - The board is currently in discussion with East Renfrewshire and Inverclyde Councils to establish shared HR services for Community Health Partnerships.
 - A Joint People Strategy is in place which applies to Glasgow City Council and NHSGGC employees working in partnership.
37. We also identified several areas where improvements could be made. These included:
- NHSGGC does not yet have a coherent approach to talent management which links together recruitment, retention, reward, appraisal processes and succession planning.
 - There is a need to continue to provide development opportunities for frontline managers. The NHSGGC leadership programme should help address this.
 - NHSGGC should consider how it can further develop the measurement of individual and team productivity at all levels of the organisation.
38. Our overall conclusion was that NHS Greater Glasgow and Clyde were predominantly at the "better practices" level in terms of people management. This is a good platform to build on going forward.



39. Also, as with other health boards in Scotland, Greater Glasgow and Clyde faces a major challenge in achieving the national sickness absence target of 4%. The current sickness absence rate for the board is 4.75% which although above target is an improvement on last year when the rate was 4.93%. The board is taking action to reduce sickness absence through its Attendance Management Policy and by the inclusion of attendance management as a key target for senior staff within their performance objectives.

Risk area 6

Management and use of ICT

40. As part of the 2009/10 audit we reviewed the two aspects of the board's management and use of ICT. The following paragraphs provide more details of our work in this area.

ICT data handling review follow-up report

41. High profile security incidents have increased public awareness of the dangers of any lack of control of personal information. A recent incident at another NHS board is a case in point where a memory stick containing confidential information was found by a member of the public in a supermarket car park.
42. In the current year we carried out a follow-up audit of our 2008/09 ICT data handling review report. We found that management have taken steps to strengthen data handling by implementing an information governance and security framework supported by a range of policies. Additionally, during May 2010 the board carried out a staff awareness campaign to publicise the Information Governance website and the relevant policies. The campaign comprised a guidance document issued to all staff with their May pay slips.
43. At the time of our audit, Health Information and Technology (HI&T) management had produced draft guidance on the handling of confidential and sensitive information but this was still to be finalised.

Management of ICT service delivery

44. The audit focused on control objectives that contribute to ICT service delivery in support of users in the achievement of organisational goals.
45. A number of meetings have been held with HI&T management during the course of our audit to apprise them of our audit findings. A report draft report is due to be issued shortly. Some of the emerging issues are summarised below for the attention of members:
- The ICT service supports a user base of around 30,000 as well as GP practice staff.



- By its nature ICT service delivery can be reactive in responding to user demand. However, with clinical and administrative staff becoming more dependent on ICT, a future ICT service delivery model should seek to be more proactive, anticipating changes in user demand and planning for this in systems development.
- IT operational practices increasingly have to meet different technical demands due to the expansion and introduction of new services throughout the board.

46. A full report of our findings will be presented to the next meeting of the Audit Committee which is scheduled for 21 October 2010.



Governance and Accountability

47. High standards of governance and accountability, with effective structures and processes to govern decision-making and balanced reporting of performance to the public, are fundamental features of best value. This section sets out our main findings arising from our review of NHS Greater Glasgow and Clyde's arrangements.
48. Increasingly services are being delivered across the public sector through partnership working, sometimes involving complex governance and accountability arrangements. Best value characteristics also include effective partnership working to deliver sustained improvements in outcomes.

Overview of arrangements

49. This year we reviewed:
- internal audit (paragraph 66)
 - key systems of internal control (paragraphs 61 to 63)
 - aspects of ICT (paragraphs 40 to 46)
 - arrangements for the prevention and detection of fraud and irregularity (paragraphs 67 to 69)
 - commitment to the National Fraud Initiative (paragraphs 70 to 76).
50. Our overall conclusion is that governance arrangements within NHS Greater Glasgow and Clyde are sound and have operated throughout 2009/10.

Patient safety and clinical governance

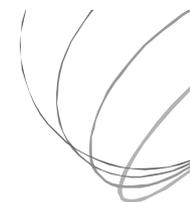
51. The board continues to work with NHS Quality Improvement Scotland (NHS QIS) to support the implementation of the clinical governance and risk management standards to ensure that clinical governance principles are embedded in local practice. The board was visited by NHS QIS in September 2009 and the findings from the visit were reported in January 2010. The report highlighted that the board had made good progress in all areas since the last review in 2006.
52. The NHS QIS report identified that NHS Greater Glasgow and Clyde has a number of strengths:
- Clearly embedded risk management structures throughout the board.
 - A strong commitment to clinical effectiveness and quality improvement.
 - A sound cycle of annual clinical governance reporting arrangements for operational entities with devolved responsibilities.
 - A robust performance management framework with a high level of qualitative information.



53. The Scottish Patient Safety Programme (SPSP) was launched in 2007. The main aim of the programme is to reduce mortality by 15% and adverse events by 30%. NHSGGC's aim is to achieve full implementation of the core programme in Acute Services by December 2012. The core programme includes improved staff capability in all wards and creation of reliable processes for every relevant element in every ward. In 2010 the board is also aiming to develop SPSP style improvement programmes in Paediatrics and Mental Health.
54. The Cabinet Secretary for Health and Wellbeing set up an independent Review Panel in June 2008 to look into the C.Diff outbreak at the Vale of Leven Hospital. The Panel's report was published in early August 2008 and made a number of recommendations which were fully implemented by NHSGGC. The National Health Acquired Infection report published in February 2010 indicated that the level of C.Diff for NHSGGC was well below the national average and the HEAT target. However in early June 2010 the Scottish Government announced a Public Inquiry to look into the circumstances of this outbreak. Currently, the inquiry is at the stage of hearing evidence from relevant parties.
55. The Healthcare Environment Inspectorate published a report in April 2010 that commended NHSGGC for its work in preventing infection, including information displayed at ward entrances for staff, patients and visitors, and mandatory infection control training for all new staff. However, the board needs to remain vigilant especially as an inspection of the Southern General Hospital by the Inspectorate in March 2010 highlighted several areas where improvements were required including promotion of the infection control manual to staff and adherence to the dress code policy.

Partnership Working

56. Partnership working in the NHS covers a number of areas, including partnerships with staff groups, local authorities, the voluntary sector, private healthcare providers and regional planning with other NHS boards. The board has undertaken significant work in partnership with local authorities in establishing Community Health Care Partnerships [CH(C)Ps] and Community Health Partnerships to provide care and public health services in a local setting to meet the needs of the local population.
57. In September 2009 a Joint Partnership board involving Councillors and board members was established to revise the Scheme of Establishment for CHCPs within the City of Glasgow and to facilitate devolved budget responsibility by the Council. Agreement was reached between the board and the Council at the end of 2009. However, the Council subsequently decided not to take these arrangements forward and developed revised proposals for CHCPs. These included an incremental implementation of the Scheme of Establishment which was approved by the Council at its April 2010 meeting. The Council's revised proposal was not considered a viable option by NHSGGC and so the board notified the Council that because of this change its intention was now to disengage from the Glasgow CHCPs and look at alternative options for healthcare provision based on the CHP organisational model.



58. The board at its meeting on the 22 June 2010 approved revised arrangements for the delivery of NHS primary care and community care services within the Glasgow City boundary. The proposed revised arrangements included the creation of a single NHS CHP with a substructure of three sectors-East, West and South. Such a CHP would be governed by a single Committee chaired by a NHS Non-Executive and will include Glasgow City councillors representing the three sectors.
59. However, a meeting of the board's Performance Review Group (PRG), in early July 2010, considered the outcome of the independent review of the Glasgow City CHCPs by Sir John Arbuthnott which was commissioned by Glasgow City Council (GCC). Members of the PRG agreed that Sir John Arbuthnott's report provided a basis to achieve sustainable integration of health and social care within Glasgow. The members of PRG further agreed that if, in their view, GCC were to match the board's commitments to the integration of health and social care, the board should then pursue an intensive joint process to progress Sir John's recommendation and end its process to develop an NHS CHP. This area is, therefore, one which remains in transition.
60. It has been disappointing to see that the board and the council have not yet been able to reach agreement on mutually supported and fully workable joint working arrangements. We would therefore encourage the participants in the partnership to ensure that effective joint arrangements are put in place.

Risk area 7

Systems of internal control

61. Key controls within systems should operate effectively and efficiently to accurately record financial transactions and prevent and detect fraud or error. This supports a robust internal control environment and the effective production of financial statements. In their annual report for 2009/10 PricewaterhouseCoopers, the board's internal auditors, provided their opinion that, based on the internal audit work undertaken during the year, there were no significant weaknesses that required specific mention in the Statement on Internal Control.
62. As part of our audit we reviewed the high level controls in a number of NHSGGC systems that impact on the financial statements e.g. payroll, procurement, trade receivables and general ledger. We concluded that NHSGGC has adequate systems of internal control in place. We identified some areas where controls could be strengthened and agreed an action plan of improvements with management. This will be followed-up at a future date to confirm that improvements have been made.
63. In addition we placed formal reliance on aspects of internal audit's systems work in terms of International Standard on Auditing 610 (*Considering the Work of Internal Audit*) to avoid duplication of effort. In particular we relied on aspects of internal audit's financial systems work on trade payables, Family Health Services expenditure, capital asset management, payroll and bank reconciliations. In addition, we placed formal reliance on internal audit's review of board members' gifts, travel expenses, hospitality and conflicts of interest. The work of internal audit provides us with additional assurances on the adequacy of the internal control environment within NHSGGC.



Statement on internal control

64. The Statement on Internal Control (SIC) provided by NHS Greater Glasgow and Clyde's Accountable Officer reflected the main findings from both external and internal audit work. This SIC records management's responsibility for maintaining a sound system of internal control and summarises the process by which the Accountable Officer obtains assurances on the contents of the SIC.
65. The SIC also drew attention to significant progress in the area of Information Governance. A complete set of Information Governance and IT Security Policies is now in place, along with a programme to develop staff awareness of these policies, supported by the development of a number of e-learning training modules.

Internal Audit

66. The establishment and operation of an effective internal audit function forms a key element of effective governance and stewardship. We therefore seek to rely on the work of internal audit wherever possible. Also, as part of our risk assessment and planning process for the 2009/10 audit we assessed whether we could place reliance on NHS Greater Glasgow and Clyde's internal audit function. We concluded that internal audit operate in accordance with relevant Internal Audit Standards and has sound documentation standards and reporting procedures in place. We therefore placed reliance on their work in a number of areas during 2009/10 as outlined at paragraph 63 above.

Prevention and detection of fraud and irregularities

67. NHS Greater Glasgow and Clyde has a comprehensive range of measures in place to prevent and detect fraud including Standing Financial Instructions, a Code of Conduct for staff and policies covering 'whistleblowing' and fraud. The board has also entered into a formal partnership agreement with NHSScotland Counter Fraud Services (CFS).
68. The board's internal audit function has a formal programme of work, which, although not designed to detect fraud, does provide assurance on the operation of the control systems which are designed to prevent fraud. Additionally, the board has agreed a formal protocol covering a programme of Payment Verification checks with the Practitioner Services Division of NHS National Services confirm Scotland. In 2009/10 these checks included verification against patient records, requesting patients to treatment by letter, visits to practices and examination of patients.
69. Furthermore, November 2009 was designated as fraud awareness month. NHSGGC as part of this initiative held several events, in conjunction with CFS, to promote awareness of anti-fraud measures.



NFI in Scotland

70. During the year NHSGGC took part in the 2008/09 National Fraud Initiative (NFI) in Scotland. The NFI in Scotland is a counter-fraud exercise led by Audit Scotland, assisted by the Audit Commission (our sister organisation in England). It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify circumstances (matches) that might suggest the existence of fraud or error.
71. NFI allows public bodies to investigate these matches and, if fraud or error has taken place, to stop payments and attempt to recover the amounts involved. It also allows auditors to assess the arrangements that the bodies have put in place to prevent and detect fraud, including how they approach the NFI exercise itself.
72. As part of our local audit work we carried out a high level assessment of NHSGGC's approach to the NFI. We concluded that the board is proactive in preventing and detecting fraud including participation in the NFI. The board's Financial Governance and Audit Manager and his team systematically review data matches. Additionally, the Audit Committee and Audit Support Groups receive regular reports on anti-fraud activities including updates of NFI investigations.
73. The Audit Scotland report *The National Fraud Initiative in Scotland; making an impact*, which was published on 20 May 2010 set out the results of the 2008/09 NFI exercise. It involved 74 bodies, including councils, police forces, fire and rescue services, health boards, the Scottish Public Pension Agency and the Student Award Agency for Scotland.
74. Overall, the outcome of the 2008/09 exercise was worth £21.1 million to the public purse. The report also highlights that while the NFI has been successful, much of the information used in this exercise was collected before the recession really took hold. An economic downturn is commonly linked to a heightened risk of fraud, and public bodies need to remain vigilant.
75. The cumulative outcome of the current and previous NFI exercises in Scotland is now around £58 million and there have been at least 80 successful prosecutions since the last NFI report in 2008. Audit Scotland will require data for the next NFI exercise in October. This is expected to be carried out under new powers currently before the Scottish Parliament. These will provide for more collaboration with other UK agencies to detect 'cross border' fraud, extend the range of public sector bodies that may be involved, and allow data matching to be used to detect other crime as well as fraud.
76. The national report *The National Fraud Initiative in Scotland; making an impact* includes a self-appraisal checklist. The Financial Governance and Audit Manager, with support from colleagues, completed the checklist. This is good practice and will help with the preparations for the NFI 2010/11.



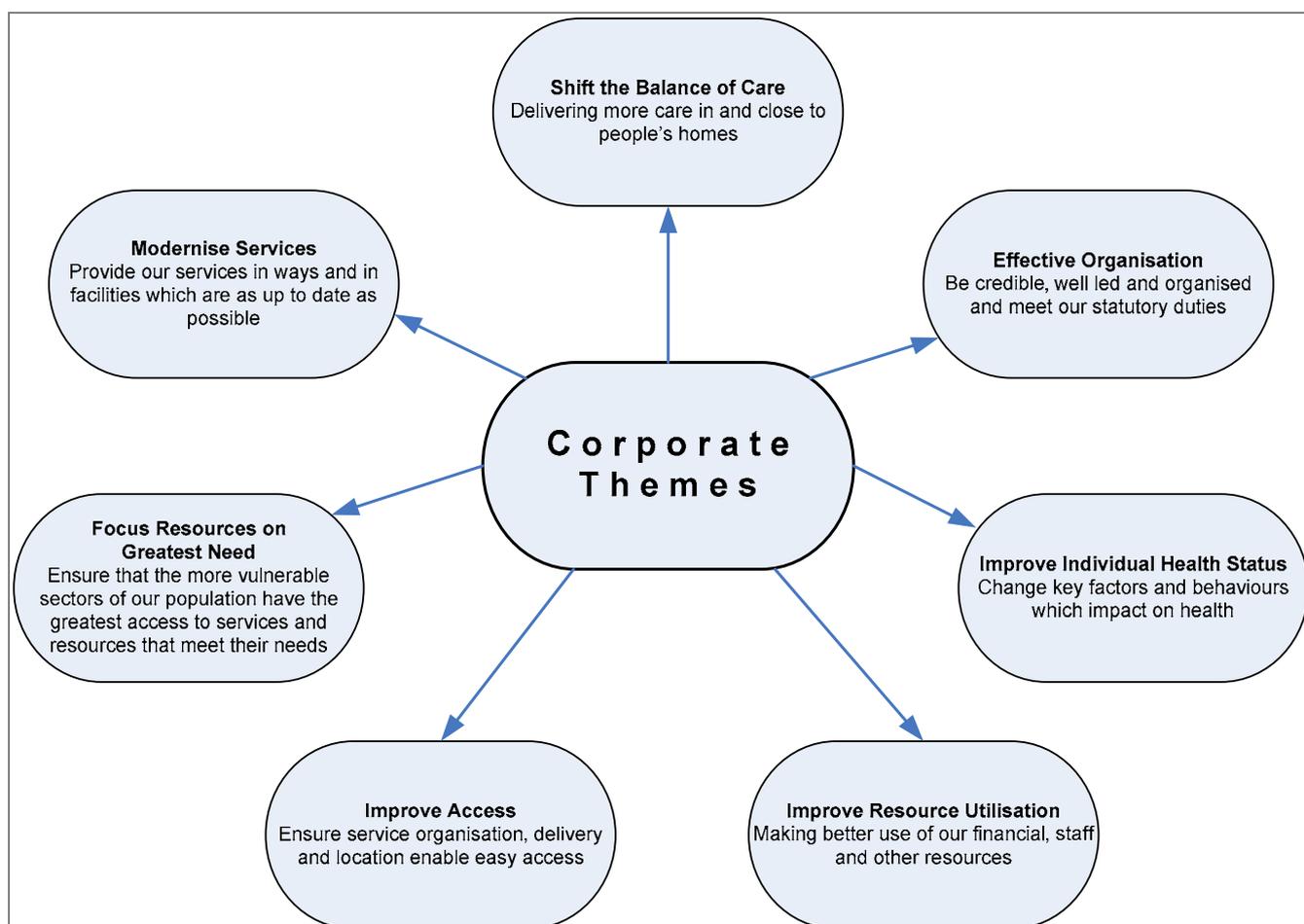
Performance

77. Public audit is more wide-ranging than in the private sector and covers the examination of, and reporting on, performance and value for money/best value issues. Key features of best value include setting a clear vision of what the organisation wants to achieve, backed up by plans and strategies to secure improvement, with resources aligned to support their delivery. Additionally, it includes a performance management culture which is embedded throughout the organisation and a performance management framework which is comprehensive and supports the delivery of improved outcomes for citizens.

Vision and strategic direction

78. The Corporate Plan outlines how the board is going to develop its key strategic objective to **“deliver effective and high quality health services, to act to improve the health of our population and to do everything we can to reduce health inequalities.”** The plan consists of seven corporate themes as illustrated below.

Exhibit 2: NHS Greater Glasgow and Clyde’s corporate themes





79. The Corporate quarterly performances reports are submitted to NHSGGC's PRG for review and scrutiny. These reports are structured around the seven key corporate themes and include a commentary on performance against each theme. A traffic light system is also used to highlight performance targets and measures. Management consult members on the format and content of reports and work is ongoing to improve the consistency and comparability of the information produced across the organisation

Managing risk

80. There are a number of key challenges and risks for the board in delivering its plan. The board has put in place robust systems for the identification and management of risk. The Risk Management Steering Group, chaired by the Director of Finance, is responsible for developing a single system of risk management for NHSGGC, and overseeing the development and maintenance of strategy and infrastructure. These corporate risk arrangements are supported by local departmental risk registers and arrangements. The challenge for the board will be embedding a risk aware culture within the organisation for the future management of existing and emerging risks in the medium to long term.

81. The main risk areas are:

- securing financial stability
- service redesign and sustainability
- working in partnership
- maintaining robust performance reporting frameworks
- workforce planning.

82. These areas are all addressed in the earlier sections of this report. Each area is complex and comprises multiple issues which will require careful management to resolve. We have continued to monitor the board's progress in each of these areas over the course of the year.

Service Development

83. NHS Greater Glasgow and Clyde is committed, through the Acute Services Review (ASR), to developing a sustainable healthcare service to serve local communities and address the specific issues of health inequality and accessibility.

84. The ASR is fundamental to service redesign and modernisation within NHS Greater Glasgow and Clyde. The ASR is designed around a number of key developments which will see the rationalisation and reconfiguration of acute services across the city. A number of key elements of the ASR have already been delivered notably the two new Ambulatory Care Hospitals (ACHs) which opened in the spring of 2009 and the Beatson Oncology Centre, which was officially opened in February 2008. Current proposals include the consolidation of inpatient services currently provided at Stobhill and Glasgow Royal (GRI) with future services being provided at the GRI. The ASR implementation will involve changes to services being delivered from Gartnavel, the Western and the Southern General hospitals.



85. The next stage of implementation is crucial to the success of the ASR and will be very challenging for the board to deliver on time and on budget. The re-development at the Southern General hospital site is pivotal and will represent an investment of £842 million to be met from public funds. The new facilities will include a specialist adult acute hospital, a children's hospital and laboratory facilities. Brookfield Europe was appointed as the preferred bidder in November 2009 for the design and construction of these facilities and it is intended to submit a Full Business Case for the adult and children's hospitals to the PRG in November 2010 and thereafter to the board and the Capital investment Group .Work on the laboratories is already underway and is progressing well following the approval of the full business case by the SGHD.
86. The board's Capital Plan 2010/11-2012/13 noted that the capital allocations from SGHD were considerably lower than had been forecast in the 2009/10-2011/12 Capital Plan. However, SGHD has confirmed its commitment to funding the cost of the Southern General project.

Performance Overview

87. The board receives regular reports on progress towards achieving waiting times and other access targets set by the Scottish Government (commonly known as HEAT targets). The board was successful in achieving a number of very challenging targets by the end of March 2010 including those for inpatients, outpatients, diagnostics and cancer. For cancer, the board succeeded in achieving the overall HEAT target of 95% of cases within 31 days (diagnosis) and 62 Days (commencement of treatment). For the 4 hours waiting time for Accident & Emergency cases the board failed to maintain this target month on month throughout the year to March 2010.
88. Waiting times have been falling over recent years as the board has achieved successive Government targets. The current Government target is that by December 2011 the total maximum journey will be 18 weeks from referral to treatment. . At the end of March 2009 NHSGGC had achieved the target of no outpatients waiting more than 12 weeks from GP referral to an appointment and this has been maintained during 2009/10. The board also achieved the 12 week inpatient/day case target by March 2009 for inpatient /day cases and again this has been maintained during 2009/10.
89. The board has made significant progress over the course of the year to meet its delayed discharge target. The efforts of both the board and Council partners has progressively reduced the delayed discharges not meeting the target for all council areas served by the board and at April 2010 there were no patients waiting over six weeks for discharge. This was achieved due to close working between hospital, community and social work staff, and clearly demonstrates the positive outcomes that can result from good joint working arrangements.



90. There is now an expectation that all public sector bodies, including the NHS, should be able to demonstrate how their activities are aligned with the Government's over-arching purpose through the National Performance Framework (2008). This introduced Single Outcome Agreements (SOAs) for local government bodies in 2008/09. In 2009/10 this was extended to the health sector through the mechanism of Community Planning Partnerships. As a result, NHS boards are required to engage with local authorities, and other public bodies, to agree the priority outcomes and related indicators, and set out how these will support the National Outcome in SOAs.

Performance Management

91. NHS Greater Glasgow and Clyde has a sound performance management framework in place for monitoring and reporting on performance. This framework consists of a number of core elements including:
- **Organisational Performance Reviews (OPRs)** – these reviews are carried out twice a year for all activities within NHSGGC and are part of the board's performance scrutiny and accountability arrangements. The OPRs are chaired by the Chief Executive and hold management to account for their performance. The reviews focus on areas of good practice, those in need for improvement and issues that require to be considered at a corporate level.
 - **Waiting times and access targets** – the Chief Operating Officer of the Acute Services Division reports on waiting times and access targets at each meeting of the board. The report includes details of progress against targets and is accompanied by a narrative which provides contextual information.
 - **Balanced scorecards** – a HEAT (Health Improvement, Efficiency, Access and Treatment) scorecard performance report is submitted, on a quarterly basis to the board's PRG. The report incorporates a traffic light system. In addition, it outlines the board's position in relation to each of the HEAT targets, and standards, and highlights the direction of travel since the last reporting period.
92. The Annual Review in October 2009, chaired by the Cabinet Secretary for Health and Wellbeing, highlighted areas where specific action would be required to improve health and treatment including reporting progress on the minimising of alcohol and substance misuse. Further areas for action included addressing infection control issues, the achievement of recurring financial balance and the delivery of all waiting/access and HEAT performance targets.
93. One of the major challenges facing all boards in Scotland is tackling health inequalities. The board recognises this challenge and has incorporated actions within its Local Delivery Plan, service plans and performance reports to assess progress in this area.
94. The Director of Public Health in her 2009 Annual report commented that although there had been considerable improvement in the health of people living with the NGSGGC area "it still experiences some of the widest variations in health between the affluent and the poor in society".



Improving public sector efficiency

95. The Audit Scotland report *Improving public sector efficiency* was published on 25 February 2010. It provided a position statement on the first year (2008/09) of the Efficient Government Programme (the Programme), which aims to deliver £1.6 billion efficiency savings over the three years to 2010/11. It also gave an update on how the Scottish Government and public bodies have addressed the recommendations made in the 2006 report about the previous efficiency programme.
96. The report found that Scottish public bodies reported more efficiency savings than the Government's two per cent target. But there are serious financial challenges ahead – the most significant since devolution – and making the required savings through efficiency will become increasingly difficult.
97. The report recommended that to deal with reduced future funding and increase savings public bodies need to consider fresh approaches to improving efficiency and productivity. They must take a more fundamental approach to identifying priorities, improving the productivity of public services, and improving collaboration and joint working.
98. The drive to improve efficiency and productivity is not just an exercise for managers and service providers. It requires strong leadership and engagement from the very top of public bodies. Leaders and senior decision-makers within an organisation have a responsibility to check, challenge, monitor and support their organisations in delivering efficiency and productivity improvements. The report's recommendations highlighted areas that public bodies' key decision makers should look at to assess their organisation's development and to challenge existing arrangements (see overleaf).



Extract from Audit Scotland report *Improving public sector efficiency*

In order to improve the delivery of efficiency savings public bodies should:

- ensure they have a priority-based approach to budgeting and spending
- continue to improve collaboration and joint working, overcoming traditional service boundaries
- consider using alternative providers of services, if these providers can improve the efficiency, productivity or quality of services
- improve information on costs, activity, productivity and outcomes, including setting baselines to measure performance against
- give greater urgency to developing benchmarking programmes
- maintain the momentum of activities and initiatives to improve purchasing and asset management and extend shared services
- ensure there is a joined-up approach to efficiency savings across the public sector, avoiding duplication
- ensure that plans are in place to deliver savings, clearly setting out what action will be taken, the level of savings to be delivered and how these will be measured
- strengthen the involvement of front-line staff, service providers and users in redesigning public services
- reduce reliance on non-recurring savings to meet financial targets and generally use these as part of a wider and longer term strategy
- report efficiency savings consistently.

99. To support these high-level recommendations, Audit Scotland, the Northern Ireland Audit Office and the Wales Audit Office have drawn on their combined experience to develop a detailed good practice checklist. The checklist is intended to promote detailed review and reflection and, if necessary, a basis for improvement. We recommend that those responsible within the board for leading efficiency and improvement work should consider assessing themselves against each question, and recording the results.

National Studies

100. Audit Scotland's Public Reporting Group undertakes a programme of national studies each year in consultation with key stakeholders. The findings and key messages of these studies are published in national reports which are publicised and widely distributed. In addition they are also available on audit Scotland's website.

101. At the local level, a protocol has been agreed between the external audit team and NHS Greater Glasgow and Clyde whereby national reports are considered in detail at the board's PRG or on occasions at a board seminar. Relevant senior managers are invited to attend the PRG to outline the impact of the national report and the board's progress in addressing recommendations locally. This level of Non-Executive scrutiny of local actions taken against national reports is commendable and consistent with good practice. The most recent reports considered at PRG are summarised in the table overleaf.



Table 3

Audit Scotland national performance reports considered by PRG

Report Title	PRG Meeting	Paper presented by
Review of Major Capital Projects in Scotland	15 September 2009	Director of Acute Services Strategy Implementation and Planning
Asset Management in the NHS in Scotland	19 January 2010	Director of Facilities
Drug and Alcohol Services in Scotland	19 January 2010	Director of Corporate Planning & Policy / Lead Director Glasgow CHCPs
Overview of the NHS in Scotland's Performance 2008/09	19 January 2010	Assistant Director of Audit (Health) Audit Scotland
Managing the Use of Medicines in Hospitals – Follow-up Review	16 March 2010	Head of Services Pharmacy & Prescribing Support Unit
Improving Public Sector Purchasing in Scotland	4 July 2010	Director of Facilities
Managing NHS Waiting Lists : A review of new arrangements	4 July 2010	Director of Surgery and Anaesthetics

102. A number of national reports are scheduled to be reviewed and discussed at future PRG meetings. Audit Scotland's expectation is that NHS boards should consider the findings contained in national reports and identify actions to be taken locally. The other national report to be considered is the *Review of Orthopaedic Services (issued March 2010)*.



Looking Forward

103. NHS Greater Glasgow and Clyde faces a number of challenges in 2010/11, which include:

- **Financial management and affordability** – The financial settlement in 2010/11 provides an uplift of 2.55% which may reduce in 2011/12 given the current economic situation and the impact of the recent UK Government emergency budget in June 2010. This will have a significant impact on long term financial planning and the control of pay and non pay costs. The Financial Plan for 2010/11 indicates that the board could face an additional challenge of £36.5 million in 2011/12 which will require more radical options in terms of cost savings. The board's savings targets for 2010/11 have increased to £57 million as a result of increased pay, prescribing costs and capital charges.
- **Efficiency, future funding and economic developments** - Scottish public bodies reported more efficiency savings than the Government's two per cent target in 2008/09, but there are serious financial challenges ahead – the biggest since devolution – and making the required savings through efficiency will become increasingly difficult. To deal with reduced future funding and increase savings fresh approaches to improving efficiency and productivity must be considered, taking a more fundamental approach to identifying priorities, improving the productivity of public services, and improving collaboration and joint working. NHSGGC needs to find at least £130.6 million of savings over the next three years to achieve financial balance. The challenge for NHSGGC is to prioritise spending, identify efficiencies and review future commitments to ensure delivery of key targets and objectives.
- **Service redesign and sustainability** – There are significant developments planned for the delivery of future healthcare services by the board. The most significant is the continuing work on the Acute Services Review which will see the development of new hospital facilities in south Glasgow. This alone will present significant long term challenges in identifying and securing funding together with project management of a major capital build, and will be a recurring cost pressure on the board's financial plan in future years.
- **Equal Pay** - The Equal Pay Directive has made it clear that pay discrimination should be eliminated from all aspects of remuneration. NHS Greater Glasgow and Clyde currently has 4,846 claims outstanding. Significant ongoing uncertainties have been identified by the CLO resulting in an unquantified contingent liability disclosure in 2009/10. However, board management, working with the Scottish Government Health Directorates and other NHS boards, will require to form a view of the potential liabilities as soon as practicable, taking into account the progress of cases in Scotland and in England.



- **Partnership working** – The board's future plans for health and social care partnership working in the Glasgow City Council area, when finally agreed, have to be carefully managed to ensure that services are not disrupted. It is also important that good working relationships are maintained with Glasgow City Council as part of the joined-up approach to service delivery. Furthermore, the good practices and lessons learned from working in a CHCP environment should be carried forward into the any new model of service delivery wherever practical.
- **VAT increase** – The Chancellor's emergency budget on 22 June 2010 included an increase in VAT from 17.5% to 20% from January 2011. It is estimated that this could increase the cost of the Southern General project by £22 million. In addition it has been reported that the VAT increase will increase the cost of supplies across the NHS in Scotland by £26 million and NHSGGC will bear a significant portion of the increase. The increase in VAT poses a significant risk to the board's financial position.
- **Best Value** - The concept of best value is seen as a key driver of modernisation and improvement in public services. Audit Scotland has continued its commitment to extending the best value audit regime across the whole public sector and significant development work has taken place over the last year including the finalisation of its best value toolkits. This has been matched by the Scottish Government's commitment to refreshing its Best Value Guidance for Public Bodies. NHS Greater Glasgow and Clyde should continue to respond to this important initiative as it develops

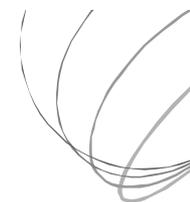
104. The board recognises these challenges and is taking steps through its planning processes to address them. We will continue to monitor the progress that the board is making on these key issues.



Appendix A: Action Plan

Key Risk Areas and Planned Management Action

Action Point	Risk Identified	Planned Action	Responsible Officer	Target Date
1	NHS Greater Glasgow and Clyde as with other boards has not been able to quantify the extent of its liability for Equal Pay claims. There is a risk that these liabilities will have a significant impact on the board's financial position.	The NHS Scotland Central Legal Office has co-ordinated the legal response to all claims and will continue to do this. CLO has advised that the claims are not specific enough for any estimate of potential liability to be made. The Board will continue to liaise with CLO to monitor progress.	Director of Human Resources	Ongoing
2	The board's balance sheet includes a debtor balance of £24.5 million in respect of the disposal of the Woodilee Hospital site. There is a risk that, given the current economic climate and the reduction in land values that the income due from the site may not be fully realised.	The payment timescales for this debt match the development plan for the Woodilee site and have been agreed with the Consortium of four housebuilders which is taking forward the development. The Board continues to monitor the implementation of the development through its Property Committee and through participation in the Kirkintilloch Initiative and is in regular contact with the Consortium to ensure that payments are realised in line with agreed timescales.	Director of Finance	31 March 2011
3	The board faces a wide range of financial challenges and there is a risk that it may not be able to make its savings targets in 2010/11. The longer term financial plan remains at risk of not being affordable and is a significant challenge to the board moving forward.	The Board continues to review and update its short term and longer term financial plans on an ongoing basis. This involves reviewing and updating its assessment of all key areas of financial risk, and reflecting this in the development of revised cost savings plans. This process is overseen by the Board's Corporate Management Team and reported to the Board's PRG and the full Board on a regular basis.	Director of Finance	Ongoing
4	Initial forecasts for prescribing costs predicted an increase of £19.5 million in 2010/11 and the board had a planned savings target of £9.5 million to meet these increased costs. However, recent projections indicate that prescribing costs are set to grow by a further £2 million and this will require further cost saving measures	The Board continues to monitor prescribing costs through its Prescribing Management Group and supporting Primary Care and Acute prescribing subgroups. These groups are responsible for reviewing expenditure outturns and future expenditure forecasts and are overseen by the Board's Corporate Management Team which in turn reviews and reports progress on the achievement of the Board's financial plan to the Board's PRG and the full Board on a regular basis.	Director of Finance	Ongoing



Action Point	Risk Identified	Planned Action	Responsible Officer	Target Date
5	The board's 2010/11 Financial Plan assumes that it will require to deploy an additional £5 million funding to meet the national access targets. There is a risk that the additional funding will be insufficient to meet the targets. There is also a risk that that SGHD funding for access targets will be reduced from the 2009/10 level.	The Board's Acute Division Senior Management Group continually monitors expenditure required to ensure compliance with access targets. It is overseen by the Board's CMT which in turn reviews and reports progress with the achievement of the Board's financial plan to PRG and to the full Board on a regular basis.	Chief Operating Officer, Acute	Ongoing
6	The board may not achieve the sickness absence target of 4%.	The current sickness absence rate is 4.75% which is an improvement on the equivalent figure reported for the previous year. The Board continues to carefully monitor attendance at work throughout the application of its absence management policy, including daily absence monitoring by managers. This process is led by the Director of Human Resources and overseen by the Board's CMT which reports performance to the PRG and the full Board on a regular basis.	Director of Human Resources	Ongoing
7	The board is currently planning to revise arrangements for partnership working within the Glasgow City boundary. The board needs to ensure that the resulting arrangements maximise the benefits of joint working. There is a risk that the process could impact on the provision of services during the transition period.	The CEO is currently leading a process of engagement with Glasgow City Council to agree a basis for the implementation of effective future joint working arrangements between the Council and the Health Board. The Board has latterly been working on the development of a plan to move to a single NHS CHP however if GCC confirms a commitment to match NHS GGC's commitments to the integration of health and social care, then the Board will follow an alternative path and pursue an intensive process to progress recommendations made by Sir John Arbuthnott for the integration of health and social care with GCC. In either case, the Board will take steps to ensure that the provision of services is sustained during any period of transition.	Chief Executive Officer	31 March 2011



Action Point	Risk Identified	Planned Action	Responsible Officer	Target Date
8	VAT is set to increase from 17.5% to 20% from January 2011. This will have a significant impact on the cost of supplies and the cost of the Southern General project.	The Board continues to review and update its short term and longer term financial plans on an ongoing basis. This involves reviewing and updating its assessment of all key areas of financial risk, and reflecting this in the development of revised cost savings plans. This process is overseen by the Board's Corporate Management Team and reported to the Board's PRG and the full Board on a regular basis.	Director of Finance	Ongoing