



NHS Forth Valley

**Annual Report to Forth Valley Health Board
and the Auditor General for Scotland
2009/10**

July 2010



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Executive summary

Financial statements

Our audit of the 2009/10 financial statements is complete and our audit opinions are unqualified. The Board achieved all of its financial targets, delivering a saving against the Revenue Resource Limit (RRL) of £4.51m.

2009/10 was the first year that health boards were required to prepare financial statements under International Financial Reporting Standards (IFRS). We are pleased to report that the Board's financial statements have been properly prepared in accordance with IFRS.

NHS Forth Valley has 481 equal pay claims outstanding with the NHS Scotland Equal Pay Unit. In keeping with the national position, the Board has disclosed this matter via an unquantified contingent liability. Developments over the past year have slowed the progress of claims and led to a reduction in the level of claims. However, we strongly encourage Board management, working with the Scottish Government Health Directorates (SGHD), the Central Legal Office (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 across the UK.

Use of resources

The 2009/10 RRL surplus of £4.51m is consistent with the Board's forecasts, as set out in the five year financial plan. The outturn position was achieved on a non-recurring basis. The Board has good arrangements in place for managing its financial position and making effective use of its resources.

The Board's future financial projections are predicated on the 2009/10 surplus rolling forward, along with the £7.933m previously banked with the Scottish Government. This cumulative underspend will be used to fund the further implementation of the Integrated Healthcare Strategy, particularly the dual running costs relating to the move to Forth Valley Royal Hospital (the new acute hospital in Larbert).

The Board has identified the need to generate recurrent real cash savings of £26.5m by 31 March 2011. A detailed and comprehensive savings plan has been developed for the majority of this target, however £8m of the required savings have yet to be identified on a recurrent basis. Achieving such savings without a detrimental impact on front line services will be a significant challenge.

The Board took control of the new Clackmannanshire Community Healthcare Centre in May 2009, and formally opened the facility to patients in November 2009. Forth Valley Royal Hospital remains on schedule to open in three phases, between July 2010 and July 2011. The redesign of Stirling and Falkirk acute hospitals as community hospitals is currently being reviewed, as the Board considers the limits imposed by the tightening financial environment.

Performance

The Board has developed robust performance monitoring arrangements that provide assurance on the accuracy of information reported. Performance reporting is tailored to meet the needs of the relevant management committees, with reports designed in conjunction with user needs.

There is a clear commitment to effective partnership working. However, the existing structures are not providing effective scrutiny and challenge on performance. The Board has recognised this issue and is reviewing the management arrangements for its three Community Health Partnerships (CHPs).

NHS Forth Valley has performed well against its HEAT targets but there are still areas for development. In particular, absence management remains above the 4% target. Reducing this rate could support the Board in making valuable efficiency savings.

Governance

Our work on corporate governance focussed on a review of the Board's arrangements to ensure effective systems of internal control, prevention and detection of fraud and irregularity and standards of conduct. We are pleased to report that governance arrangements at NHS Forth Valley remain strong.

In early 2010, NHS Quality Improvement Scotland (NHS QIS) undertook a review of the Board's clinical governance and risk management arrangements. The review found that the Board had notably improved compared to the previous review findings; the majority of metrics rate the Board as either at the "monitoring" or "reviewing" stage.

Looking forward

The Integrated Healthcare Strategy is at a critical phase, with Forth Valley Royal Hospital to become fully operational by July 2011 and plans to be finalised for new community hospital provision. This will allow the Board to further advance service redesign and deliver operating efficiencies.

There is still significant uncertainty over the longer term level of funding that will be provided to boards across Scotland. This area has been identified as a significant risk by the Board and could potentially result in the need to identify further real cash savings.

Conclusion

This report concludes our audit of NHS Forth Valley for 2009/10. We have performed our audit in accordance with the Code of Audit Practice published by Audit Scotland, International Standards on Auditing (UK and Ireland) and Ethical Standards. This report has been discussed and agreed with the Chief Executive and Director of Finance and we would like to thank all management and staff for their co-operation and assistance during our audit.

Scott-Moncrieff

July 2010

Introduction

1. This report summarises the findings from our 2009/10 audit of Forth Valley Health Board, commonly known as NHS Forth Valley. The scope of our audit was set out in our External Audit Strategy and Plan, which was presented to the Audit Committee at the outset of our audit.
2. The main elements of our audit work in 2009/10 have been:
 - Our audit of the financial statements, including a review of the Statement on Internal Control
 - Review of the 2008/09 financial statements, restated under International Financial Reporting Standards (IFRS)
 - Review of governance arrangements, internal controls and financial systems
 - A Best Value audit of Effective Partnership Working
 - Follow-up of our Best Value review of Information Management
 - Review of the Board's response to Audit Scotland National Study reports
 - Review of the Board's involvement in the National Fraud Initiative (NFI) data matching exercise
3. In addition to this annual report, we have delivered the following outputs during 2009/10:
 - Interim management report
 - IFRS report on the restated accounts as at 31 March 2009
 - Best Value report on Effective Partnership Working
 - Follow up of last year's Best Value report on Information Management.
 - Report on the audit of the financial statements
 - External Best Value assessment of FTF Audit and Management Services (internal audit)

The key issues from these outputs are summarised in this annual report.
4. As part of our audit, we have also made use of the work of other inspection bodies including the Board's internal audit service, NHS Quality Improvement Scotland (NHS QIS) and Audit Scotland's Public Reporting Group.
5. This report is also addressed to the Auditor General for Scotland and will be published on Audit Scotland's website, www.audit-scotland.gov.uk

Financial statements

Introduction

6. Financial statements are a key way in which NHS Forth Valley accounts for the stewardship of the resources made available to it. In this section we summarise the issues arising from our audit work on the financial statements.

Our responsibilities

7. 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
 - whether the information in the operating and financial review is consistent with the financial statements
 - whether expenditure and receipts have been incurred and applied in accordance with guidance from Scottish Ministers (the regularity opinion).
8. We also review the Board's 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

An unqualified audit opinion

9. The Board approved its annual accounts on 15 June 2010. Our independent auditors' report expresses an unqualified opinion on the financial statements of the Board for the year ended 31 March 2010 and on the regularity of transactions reflected in those financial statements.
10. The annual accounts were submitted to the Scottish Government Health Directorate (SGHD) and the Auditor General for Scotland prior to the 30 June 2010 deadline.
11. We received draft annual accounts and supporting papers of a high standard on 29 April 2010, in line with our agreed audit timetable. We are pleased to report that the audit process ran smoothly, and our thanks go to the finance team for their assistance with our work.

Issues arising from the audit

12. We are required by auditing standards to report to the Board the main issues arising from our audit of the financial statements. On 11 June 2010, we presented our Report on the Audit of the Financial Statements to the Audit Committee. Five issues were identified within that report, including:
- the application of indexation to relevant assets held as at 31 March 2010
 - provisions for severance costs, and the need to demonstrate sufficient constructive obligation as at year end
 - recognition and recording of Board assets on a componentised basis
 - the ongoing discussions between the Board and HMRC after the recent HMRC visit

Equal pay

'Emphasis of matter' removed from auditors' opinion, but more work ahead to establish the status of existing claims

13. The NHS in Scotland has received in excess of 11,000 claims for equal pay and NHS Forth Valley has 481 claims with the NHS Scotland Equal Pay Unit, which is working with the Central Legal Office (CLO) in coordinating a national response to this issue.
14. Developments over the past year have slowed the progress of claims and led to a reduction in the number of claims going forward. Indeed, the 481 claims with the Equal Pay Unit are 100 less than the number disclosed by the Board in 2008/09. The CLO has 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 CLO 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.
15. Discussions have been held between Audit Scotland, partner audit firms, the Scottish Government, the CLO and Board representatives to ascertain the appropriate accounting treatment of equal pay claims in 2009/10. Given CLO 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 is not required for 2009/10.
16. We continue to strongly encourage Board management, 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.

Action plan point 1

International Financial Reporting Standards (IFRS)

Successful adoption of IFRS in 2009/10

17. We undertook a review of the 2008/09 financial statements, restated under International Financial Reporting Standards (IFRS), in October and November 2009 and reported our findings to the Audit Committee in January 2010. Our report set out a series of actions, the most significant of which were that the Board should continue to fully consider IFRS implications on its PFI agreements and consider the impact of the 2008/09 asset revaluation exercise on the revaluation reserve position.
18. The Board's 2009/10 financial statements have been prepared in accordance with IFRS, including accounting for the new Clackmannanshire Community Healthcare Centre on balance sheet.

Statement on internal control

19. We are satisfied that the Statement complies with the Scottish Ministers' guidance and that the contents are not inconsistent with information gathered during the course of our normal audit work.

Regularity and other audit opinions

20. We have issued an unqualified opinion on the regularity of transactions. We have also concluded that the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers, and that information which comprises the Annual Report included in the Annual Accounts is consistent with the financial statements.

Use of resources

21. This section of the report sets out our main findings from our review of how the Board manages its key resources in terms of:

- Financial performance
- Management of assets
- Use of information and communication technology.

The Board's financial performance in 2009/10

22. The Board is required to work within the resource limits and cash requirements set by SGHD. As shown in table 1 below, NHS Forth Valley has met all of its financial targets.

Table 1 – Performance against financial targets

Financial Target	Target £000	Actual £000	Underspend £000	Target achieved
Revenue Resource Limit	438,878	434,368	4,510	Yes
Capital Resource Limit	40,603	40,603	0	Yes
Cash Requirement	457,566	457,566	0	Yes

(Source: Forth Valley Health Board Annual Accounts 2009/10)

23. The Board achieved a surplus against its Revenue Resource Limit (RRL) of £4.51m. This surplus represents an underspend of 1.03% and is consistent with the Board's 2009/10 budget.

24. Performance against financial targets can be affected by non-recurring funding and expenditure. To gain a better understanding of the Board's financial position we have analysed the Board's 2009/10 outturn into recurring and non-recurring items, as shown in Table 2. This is consistent with the Board's approved Financial Plan 2009/10.

Table 2 – Achievement of 2009/10 surplus

	£000
Recurring income	426,025
Recurring expenditure	(443,232)
Recurring savings	<u>8,354</u>
Underlying recurring surplus/(deficit)	(8,853)
Non-recurring income	14,535
Non-recurring expenditure	(3,037)
Non-recurring savings	<u>1,865</u>
Non-recurring surplus/(deficit)	13,363
Financial surplus/(deficit)	4,510
Underlying recurring surplus/(deficit) as percentage of recurring income	<u>(2.08%)</u>

(Source: Assistant Director of Finance – Planning and Coordination)

25. Table 2 highlights that the Board's financial performance in 2009/10 has been reliant on non-recurrent funding; there is a gap between the cost of on-going activities and the core funding received. This gap is mainly caused by recurring cost pressures including pay awards, inflation and increasing prescribing costs. The Board should continue to monitor this position closely, to ensure return to a recurring breakeven position in 2011/12, as forecast (discussed further in paragraph 37 onwards).

Capital Resource Limit

Breakeven position against CRL for 2009/10

26. The Board broke even against CRL in 2009/10 with total capital expenditure of £42.043m. The allocation was made up of £40.603m net CRL available to NHS Forth Valley and £1.44m relating to the proceeds of asset sales.
27. Capital expenditure included £20.491m in respect of the Clackmannanshire Community Health Centre (a Public Finance Initiative project completed and brought on balance sheet in the year). A further £0.208m was incurred in equipping out the new facility. £9.102m was also incurred in relation to Forth Valley Royal Hospital, including land development costs.

28. During 2009/10 £5.79m was charged against the CRL in relation to finance lease agreements, £5.73m of which related to Stenhousemuir Health Centre. The Board also spent £0.560m on capital grants to other public bodies. This included £0.150m to Falkirk Council in relation to the Shared Learning Disabilities scheme and £0.182m for enabling works as part of the new Forth Valley Royal Hospital infrastructure.

Financial implications of the Integrated Healthcare Strategy

Integrated Healthcare Strategy on track, but funding pressures exerting influence

29. The Board plans to deliver acute healthcare services on a single site, at Forth Valley Royal Hospital in Larbert. The Board took control of Phase 1 of the hospital on 10 May 2010 and the first patients will be treated there in August 2010. The site will be fully operational by July 2011.
30. The Board's future financial projections and successful delivery of the Integrated Healthcare Strategy are predicated on the £4.51m surplus from 2009/10 rolling forward into 2010/11, along with the £7.933m previously banked with the Scottish Government. This cumulative underspend will be used to fund the further implementation of the Integrated Healthcare Strategy, particularly the dual running costs relating to the move to Forth Valley Royal Hospital and the revision to the community hospital estate. (The latter is subject to review, to ensure the plans are affordable in the current economic environment).

Clackmannanshire Community Healthcare Centre PFI reported on balance sheet

31. The Board took control of the new Clackmannanshire Community Healthcare Centre in May 2009, and formally opened the facility to patients in November 2009. The asset was capitalised at a total cost of £20.491m, net of a £2.067m impairment recognised on completion of the facility. The impairment was funded by SGHD.

Procurement

NHS Forth Valley continues to utilise the services of Health Facilities Scotland

32. The Board has utilised the services of Health Facilities Scotland (HFS) to purchase £6.842m of equipment for the new PFI facilities, £6.634m of which relates to the new Forth Valley Royal Hospital at Larbert. The Board expects to continue to utilise the services of HFS to purchase the remaining equipment for the hospital in the coming year, with an equipment budget of some £31.7m in total.

Bellsdyke Land Disposal

33. The total amount receivable as at 31 March 2010 for the disposal of land at Bellsdyke was as follows:

Table 3 – Bellsdyke receivable

	£000
Bellsdyke: receivable due within 1 year	980
Bellsdyke: receivable due after 1 year	6,242
Total	7,222

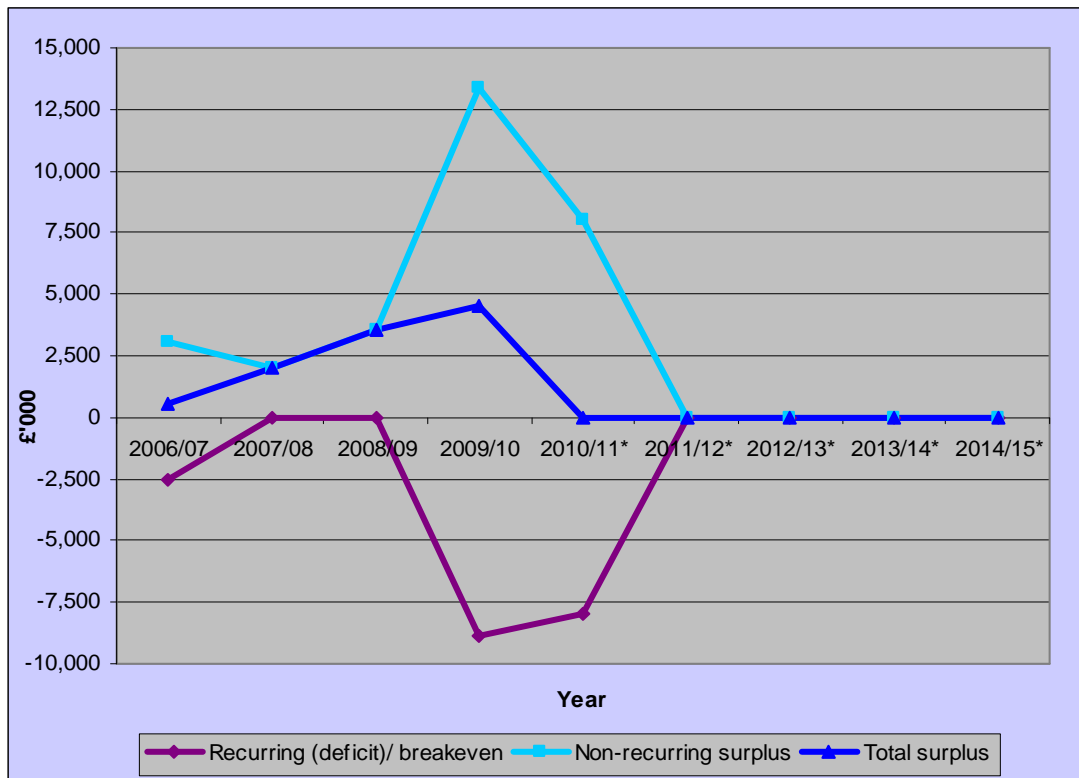
34. The Board recognises disposals in line with detailed planning permission being obtained by the developers. During 2009/10 the developers did not seek planning permission for any of the remaining Bellsdyke site. Accordingly, the Board has not recognised any disposal proceeds within the 2009/10 financial statements.
35. The payment stream between the developers and the Board is set out in the development agreement, with cash being received by the Board in three equal tranches. The first payment is due when the developer begins work on the plot, with the second and third instalments due on the first and second anniversary of this date respectively. During 2009/10, the Board received a total of £1.335m from the developers, in line with the agreed payment profile.
36. During 2009/10, due to the continued downturn in the property market, the anticipated disposal dates for the remaining developable sites were revised. Based on the latest payment profile the sale of the remaining existing estate will not be completed until December 2017. This highlights the volatility and uncertainty associated with future disposals. The Board has built in safeguards to the contract, such as Guaranteed Minimum Prices and the December 2017 'longstop' date, to mitigate against such uncertainties.

Financial plans

The 5 year financial plan reflects the challenging financial climate that the Board will face in the coming years

37. The Board has prepared a 5 year financial plan covering the period 2010/11 to 2014/15. We have reviewed these forecasts and the assumptions on which they are based appear reasonable, although the impact of the impending spending review may require revision to the plans. The plan reasonably reflects this and other risks which could impact on the future financial position of the Board. Diagram 1 provides a high level summary financial position of the Board, both achieved and projected, with analysis of the underlying recurring and non-recurring outturns.

Diagram 1 – Recurring and non-recurring surplus and deficit analysis 2006/07 – 2014/15



(Source: Previous annual audit reports, *: Based on Board's financial plan)

38. The Board will continue to rely on a non-recurring surplus to offset a recurring deficit in 2010/11. From 2011/12 onwards the Board has forecast achieving an underlying breakeven position, through to 2014/15.

Funding

Funding levels continue to increase, but the Board believes this is fundamental to the achievement of the Integrated Healthcare Strategy

39. NHS Forth Valley has received significant increases in resources over the past few years, with the RRL rising some 56% between 2002/03 and 2009/10 (from £281m to £439m). This has been used to fund pay modernisation, meet challenging service delivery targets and meet costs associated with service redesign and the Integrated Healthcare Strategy.
40. The National Resource Allocation Committee (NRAC) formula is replacing the Arbutnott NHS funding formula. Under NRAC, NHS Forth Valley's target share of resources is 5.47%. In 2009/10, the Board has received a 5.297% share of resources (which represents a move of 0.007% towards parity from the 5.29% received in 2008/09). This represents a funding shortfall of approximately £12m per annum. The Board has included a further uplift to move towards parity of £1.15m in its financial plan for 2010/11, based on the 2010/11 RRL allocation. Similar parity movements are incorporated in future years of the Board's financial plan. The Board considers

this funding imperative for the implementation of the Integrated Healthcare Strategy, and has identified this risk within the financial risk schedule underpinning the financial plan.

41. The Board's financial plan includes an assumed minimum increase of 2.15% in recurring baseline allocation in 2010/11 and a maximum increase of 1% in future years. Coupled with the forecast NRAC parity movement and funding for access support this equates to an expected overall increase in baseline funding of 2.45% in 2010/11.

Cost pressures

NHS Forth Valley continues to face financial challenges including the impact of pay modernisation, prescribing and general price increases

42. In addition to the local financial challenges of implementing the Integrated Healthcare Strategy, the Board faces similar pressures to those being encountered across the NHS in Scotland, including demographic change, pay modernisation and uplifts, price increases, drug cost increases, health improvement initiative costs and expenditure to reduce patient waiting times.
43. The Board has included an assumed 2.25% pay increase for 2010/11 and a maximum of 1% in future years within its financial plans (amended to reflect potential future uplifts associated with changes beyond basic pay awards such as pay scale changes). Other cost pressure assumptions incorporated into the five year financial plan include an increase in National Insurance contributions from April 2011, 2% price increases (with some notable increases within this aggregate increase, such as a 15% rates increase, reflecting a rates revaluation), 4% prescribing increases and an additional £0.6m per annum for new drugs. This is in addition to use of the 2009/10 rolled forward surplus and the £7.933m previously banked with the Scottish Government for transition costs in implementing the Integrated Healthcare Strategy.
44. There is a detailed five year financial risk assessment framework in place within the Board to help identify, appraise and monitor the financial impact of programmes and policies. Board management are quick to identify risks to the financial plans and factor these pressures into the financial planning process, as part of the Board's financial risk framework.

Savings plans

Savings targets met but greater challenge lies ahead

45. As part of the Scottish Government budget for 2008/09 to 2010/11, £1.6 billion of efficiency savings are to be delivered by the end of 2011¹. This is equivalent to over £500 million each year, although Audit Scotland has reported that further savings will have to be made over and above this target.

¹ *Improving Public Sector Efficiency, Audit Scotland February 2010.*

46. Table 4 sets out the cash savings programme delivered during 2009/10, which is in line with the financial plan. These savings were identified through a mixture of specific efficiencies highlighted at the start of the financial year and “in-year” programmes.

Table 4 – Cash savings achieved in 2009/10

Source of savings	Recurring Savings £000s	Non-recurring Savings £000s	Total £000s
Prescribing	1,000	-	1,000
Women and children’s services	-	581	581
Savings against new resources	-	500	500
Area corporate	387	-	387
Junior Doctors	-	58	58
Total savings achieved	1,387	1,139	2,526

(Source: Assistant Director of Finance – Planning and Coordination)

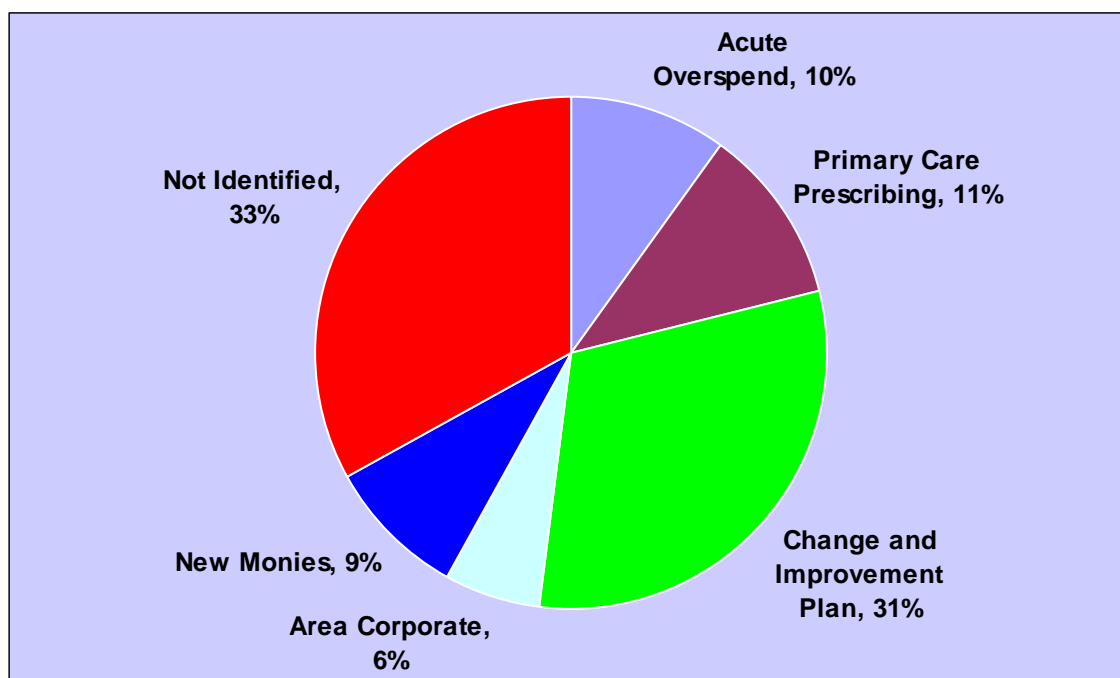
47. The Board aims to break even in 2010/11 through reliance on £8m of non-recurrent savings to offset against an equal but opposite recurrent deficit. Returning to overall recurring financial balance thereafter depends on significant financial savings being achieved.

Real cash savings

£26.5m target by March 2011, one third of which has still to be identified in detail on a recurrent basis

48. Whilst NHS Forth Valley is required to demonstrate delivery of 2% efficiency savings per annum over the next three years, meeting these targets will not deliver the real cash savings to the bottom line that are required to meet overarching financial pressures. The Board’s financial plan, approved in March 2009, identified the need to generate recurrent real cash savings of £16.5m per year. That has since been increased to £26.5m to reflect the Board’s changing financial challenges. Diagram 2 sets out where the Board has made, and will continue to make, these savings.

Diagram 2 – Real cash savings plan



(Source: Board 2010/11 – 2014/15 financial plan)

49. The most significant area where savings are being targeted is within the change and improvement plan. A total of £8.137m recurrent savings have been identified within this area, including savings of over £1.4m from in-patient service redesign, £1.5m in relation to administration, and £2.258m ambulatory care and mental health savings.
50. 'New monies' relates to expected future resources awarded by SGHD for specific purposes. The Board envisages primary care prescribing savings being generated through a combination of waste reduction and moving away from branded drugs. Savings within acute services cut across the whole service. One targeted area is the reduced use of the nursing bank, with target savings of £550,000 in 2010/11.
51. Whilst the Board has identified the need to deliver recurrent real cash-release savings of £26.5m by 31 March 2011, the Board has yet to identify £8m (34%) of this balance. This is a key focus of the Board's internal financial monitoring reports. The Board will rely on non-recurrent real cash savings in 2010/11 to deliver against financial targets. The £8m has been incorporated into the 2010/11 financial plans as savings yet to be identified.

Action plan point 2

52. An action plan and monitoring arrangements have been established to achieve the real cash efficiency savings and lead officers have been identified to be responsible for delivering against each of the identified target areas. The Senior Management Team monitor delivery against these

targets on a monthly basis. The savings targets are also incorporated in the Board's Finance Reports.

Follow-up Best Value review of Information Management

Developments over the last year, but further work required

53. In our 2008/09 Best Value audit of Information Management, we concluded that *"the Board potentially has excellent capacity to improve its information management. This is contingent on the development and implementation of an information strategy. This process has already commenced and will be overseen by the eHealth Programme Board."*
54. Since our original review, an Information Strategy has been developed which was approved at the eHealth Programme Board in February 2010. An action plan has also been developed which details the progress being made to improve information management practices. An update on the action plan was provided to the eHealth Programme Board in February 2010, which concluded that reasonable progress had been made. It was agreed that further progress updates would be provided to the Information Management Sub-Group, which is charged with taking forward the outcomes of the audit and owning the information strategy that has been developed.
55. Another key role of the sub-group is to provide direction and priorities in respect of the Information Services work plan. Information Services is moving towards a more corporate approach to service delivery. However, the work plan does not define how strategic objectives will be achieved or provide specific targets for the team/department, including identification of the specific financial and human resources required to successfully deliver the required outputs.

Action plan point 3

56. The sub-group first met in February 2010 and is scheduled to meet on a 6-weekly basis. We were pleased to note that the membership of this group has representation from across the Board including general managers, information governance representatives and clinicians. However, we understand that attendance at this group has been poor. It is essential that management identify the causes of the poor levels of attendance and ensure that there is adequate engagement in information management activities.

Action plan point 4

57. Information Services continue to be involved in providing improved information to assist decision making such as the Practice Profiles information for GPs. There is also involvement in service redesign activity and provision of interpretative and productive information. An example of this is the continued work between the Capacity Planning & Information Services team and the Strategic Planning Team as part of the development of the Capacity & Sustainability Plan.
58. During 2010 a memory stick containing sensitive patient-identifiable information found its way into the public domain, as widely published in the national press. The Chief Executive immediately responded to this incident, by reiterating to all staff the requirements of the Board's Moveable Media Acceptable Usage Policy. Information Governance guidance notes are to be attached to

employee payslips to reinforce this message. At the time of our review this incident was still under investigation by the relevant authorities, limiting our ability to comment further on the case.

59. To enable the Board to make an assessment of the extent of compliance with good information security practices, it plans to perform a gap analysis against the international information security standard, ISO27001. The output of this will be used to identify those areas where the Board is not compliant and to develop an action plan to ensure that good practices are implemented.

Action plan point 5

People management

NHS Forth Valley has largely implemented the financial aspects of the Agenda for Change assimilation

60. The Board continues to progress with the implementation of Agenda for Change. As at 31 March 2010 all relevant staff had been fully assimilated, with only a small number of reviews and revisits outstanding. The accrual as at 31 March 2010 was £0.325m (31 March 2009: £2.23m). We have reviewed the accrual and the underlying assumptions and consider this to be reasonable.
61. The Board's Benefits Realisation Plans, which include plans to develop the Knowledge Skills Framework (KSF) agenda, are reviewed and signed off by the Workforce Modernisation Board, which reports into the Staff Governance Committee. Updates are provided to this Board on the current position including an action plan with progress to date, actions still to be taken and the anticipated results.

Workforce management - an estimated reduction of 150 posts during 2010/11

62. NHS Forth Valley has a Workforce Plan and Workforce Modernisation Strategy. This has been developed taking account of the National Workforce Planning Framework and the workforce planning issues identified within the Scottish Government's "Better Health, Better Care – Planning Tomorrow's Workforce Today".
63. The Workforce Modernisation Strategy has a range of policies and action plans which underpin it. The Strategy is reviewed on an annual basis and is viewed as an essential part of the delivery of the Integrated Healthcare Strategy.
64. During 2009 NHS Forth Valley developed its fourth iteration of the Workforce Plan. The plan addresses both national priorities and local demographic and environmental factors that impact on supply of and demand for healthcare staff. The plan considers the workforce implications associated with the Board's Local Delivery Plan (LDP) and covers all employees. It is appropriately coordinated with the LDP and the Board's financial plans.
65. Whilst the Board's savings plans will look to minimise the impact on front line services, savings will have to be generated from workforce management reorganisation. Given that over 70%² of staff

² Source: NHS Forth Valley Workforce Plan 2009

employed by NHS Forth Valley are in clinical posts, the Board believes it is unlikely that staffing reductions can only be made in non-clinical areas.

66. The Board's most recent financial plan includes an estimated reduction of 150 posts during 2010/11. The Board has already started a process of service reorganisation which in some staff groups has resulted in voluntary severances in 2009/10, covering areas such as Allied Health Professionals (AHPs) and corporate-related services. The cost associated with that tranche of severance was £2.0m.

Shared support services

Continued involvement in shared support services

67. The shared support services project, championed by NHS National Services Scotland (NSS), proposes bringing together transaction processing functions with a view to releasing savings for front line services and meeting efficient government objectives.
68. NHS Forth Valley was a "Pathfinder" for the e-Expenses project. This was completed in July 2009 with the Board meeting the national target of 80% of claimants processing their own claims electronically by March 2010. The Board reported financial savings benefits of £31,040 for 2009/10 to the Shared Support Services Programme Board.
69. NHS Forth Valley is also represented on the "e-Payables and Report Distribution" Pathfinder project, which is due for completion during 2010/11. The project has been delayed due to technical issues with the financial system. Further rollout is expected towards the end of 2010.

Overall conclusion on financial management and use of resources

Effective financial management arrangements are in place

70. Our overall conclusion from our review of the Board's financial performance, underlying financial position, financial plans, financial reporting and achievement of savings targets is that the Board has effective financial management arrangements in place. The Board continues to monitor performance through the executive and financial performance reports, including information from the three CHP committees and the Acute Services Committee, allowing financial performance to be assessed at a local level. More detailed savings plan reports have also been introduced which set out progress made against recurrent cash savings targets.
71. However, achievement of future financial targets will depend on continuing tight control of expenditure, delivery of very challenging savings plans and seeing through the difficult decisions the Board is taking in relation to workforce planning. This will be a key area which the Board will have to monitor closely in 2010/11.

Performance

Introduction

72. An effective performance management system is crucial to the robust monitoring and management of public sector resources. Tracking high level objectives and measuring outputs and outcomes is particularly important in the current economic environment. This section of the report looks at performance management arrangements within NHS Forth Valley.

Service redesign

NHS Forth Valley is continuing to redesign its service delivery in line with its strategic vision

73. NHS Forth Valley has set out its strategic vision and objectives in its Integrated Healthcare Strategy. This strategy was refreshed in August and sets out the Board's plans until 2013/14, identifying three core objectives:

- Improving the health of the Forth Valley population
- Enhancing patients' experience of care
- Reducing the per capita cost of care.

74. The strategy sets out the need for strong leadership and tough decision making as the Board moves the balance of care from acute services to community based care. The new Forth Valley Royal Hospital in Larbert, and related revision of the existing infirmaries in Falkirk and Stirling into community hospitals, is central to this process. Throughout this redesign process, the Board has continued to employ a one-hospital model of service delivery across two different sites.

75. The Forth Valley Corporate Plan is approved by the Board on an annual basis. The Corporate Plan sets out the key areas of work for the Board in the coming financial year, covering both local and national priorities. The plan sets out the targets and measures for the Board demonstrating that health improvement, efficiency, access and treatment (HEAT) targets within the LDP are considered and detailed within local planning arrangements. The plan is linked with the workforce management plan, the financial and capital plan and the Board's Local Delivery Plan.

Performance management

There are generally robust performance monitoring arrangements in place

76. In our 2007/08 annual audit report we noted that the Board did not have fully effective systems in place to provide all of the required performance information necessary. In 2008/09 we concluded that the Board was developing its performance management arrangements and operational data was getting better. The Board has continued to make improvements to its performance

management arrangements and during 2009/10 these arrangements were reviewed by internal audit and NHS Quality Improvement Scotland (NHS QIS).

77. NHS QIS concluded that the Board has developed robust performance monitoring arrangements and that *“there is a well-established approach to performance management, with a strong focus on embedding key strategic targets into frontline delivery activities.”*
78. NHS QIS commended the Board on having performance management arrangements which are robustly implemented and regularly reviewed and improved in order to meet strategic and operational requirements.
79. In October 2009 internal audit reported on how performance management systems are being embedded across the Board, also concluding that performance information is being reported effectively and accurately. Methodologies for collecting performance data are used consistently and reporting is tailored to meet the needs of the relevant management committees. Therefore, whilst there are differences in reporting formats across the Board, this is because performance reports have been designed in conjunction with user needs.
80. Areas for development highlighted by internal audit were that the overarching performance management framework needs to be embedded further operationally and that existing arrangements could lead to a duplication of efforts. In response to this the Board developed an Information Management Strategy.
81. During 2009/10, the Board revised and formatted a Performance Management Framework, as approved by the Board's Performance Management Group in September 2009. This sets out the linkage between front line operations and strategic aims and objectives. It also formalises the performance monitoring and reporting arrangements. The framework reaffirms the Board's commitment to continuously improving its performance management arrangements.
82. There are still areas of the Board's performance management arrangements which can be improved. For example, as discussed below, not all performance measures for Community Health Partnerships (CHPs) are sufficiently measurable or time bound.

Effective partnership working

NHS Forth Valley continues to demonstrate strong partnership working

83. During 2009/10 we carried out a review of partnership working arrangements within the Board. Our review found that there is a history of partnership working with a range of local partners. Through its corporate documentation and good collaborative working, the Board has outlined a clear commitment to effective partnership working and seeks to ensure that it retains this focus going forward.
84. The Board has established three Community Healthcare Partnerships (CHPs), matching the local authorities within the Board's territorial boundary (Clackmannanshire, Stirling and Falkirk Councils). The CHPs bring together the Board, the respective local authority, the voluntary sector

and other stakeholders. Short-medium and long-term targets have been set out for all three CHPs. However, not all targets are measurable and this could hinder the ability to demonstrate the successful delivery of services.

Action plan point 6

85. The review also found that arrangements currently supporting the three CHPs will have to evolve if the CHPs are to meet their strategic objectives and demonstrate best value through effective partnership working. The existing structures are not providing effective scrutiny and challenge on performance. Whilst the Board is providing regular performance reports to CHP committees these are merely noted and there is limited discussion on the information reported. The Board has recognised this issue and is reviewing the management arrangements for its three CHPs. The proposed structure and development of partnership boards requires a significant level of input from senior Board members, which will need to be maintained over the long-term.

There is good potential to develop partnership working arrangements further in the coming years

86. Delivering for Health introduced CHPs as the main vehicle for improving services at a local level and CHPs are now viewed as a key agent for partnership working with local authorities, other public sector bodies and the voluntary sector. Health, Wellbeing and Social Care Executive Groups are being established across the Board's CHPs.
87. The three CHPs' operate as committees of the Board, with financial resources being managed on an aligned basis with the exception of Clackmannanshire CHP where an element of the budget is pooled with partners' resources for integrated mental health day care services. The management of CHPs continues to fall under the governance arrangements of the Board with budgets being established and monitored through the Board's internal financial management arrangements.
88. The three CHPs objectives are linked to agreed Single Outcome Agreements and the Board's own HEAT targets. Performance is monitored by the CHP against these targets.
89. During 2009/10 the three CHPs undertook a review of partnership working across NHS Forth Valley considering the next steps for CHPs. Given the changing financial landscape in the public sector and the need to ensure ongoing efficiencies, proposals have been drawn up to strengthen the CHPs as joint bodies. The CHPs are looking to strengthen the partnerships' strategic management through establishing partnership Boards. This would require changes to the governance arrangements in place over the CHPs, including revision to the individual schemes of establishment. We will continue to monitor how the CHPs evolve, ensuring that adequate governance arrangements are maintained.

Reporting on Single Outcome Agreements has improved

90. In November 2007, the Scottish Government and local government committed to developing Single Outcome Agreements (SOAs) for all local authorities. SOAs set out how both parties will collaborate to address local circumstances and priorities. In 2009/10 SOAs were to be established

jointly with Community Planning Partnerships (CPPs). CPPs have been successfully established for each of the three local authorities in the Forth Valley area.

91. Each of the three CPPs has produced its own community plan and an SOA. The community plan sets out how all public agencies and community partners in a local authority area will work together, with the SOA setting out clear outcomes to be delivered. In addition to these plans the corporate plan adequately considers the Board's strategic priorities and plans for the year ahead.
92. In 2008/09 our annual audit report stated that the Board needed to develop robust performance management systems to monitor the outcome of relevant SOA and CPP targets. The Board recognised that the existing performance monitoring arrangements for CPPs have not been effective, and is continuing to review and develop these.

Action plan point 7

HEAT targets

NHS Forth Valley has performed well against its HEAT targets but there are still areas for development

93. Performance against HEAT targets for 2009/10 was reported to the Board at its meeting in June 2010 (Table 5).

Table 5 – Overall progress against HEAT targets

Progress	Number
Above or on target	22
Within tolerance level	6
Below target	4
New target, not yet implemented	7

94. The Board has performed well in 2009/10 against its HEAT targets, generally in line with 2008/09 performance. In 2008/09 we reported that managing emergency admissions for patients over 65 years old was below target. This has been addressed by the Board, such that current levels are ahead of the target to be achieved by March 2011. The Board recognises, however, that this will continue to be a difficult area to sustain.
95. The four areas which were reported as being below target in 2009/10 were:
 - Number of successful smoking cessation attempts
 - Number of antidepressant daily defined doses per capita

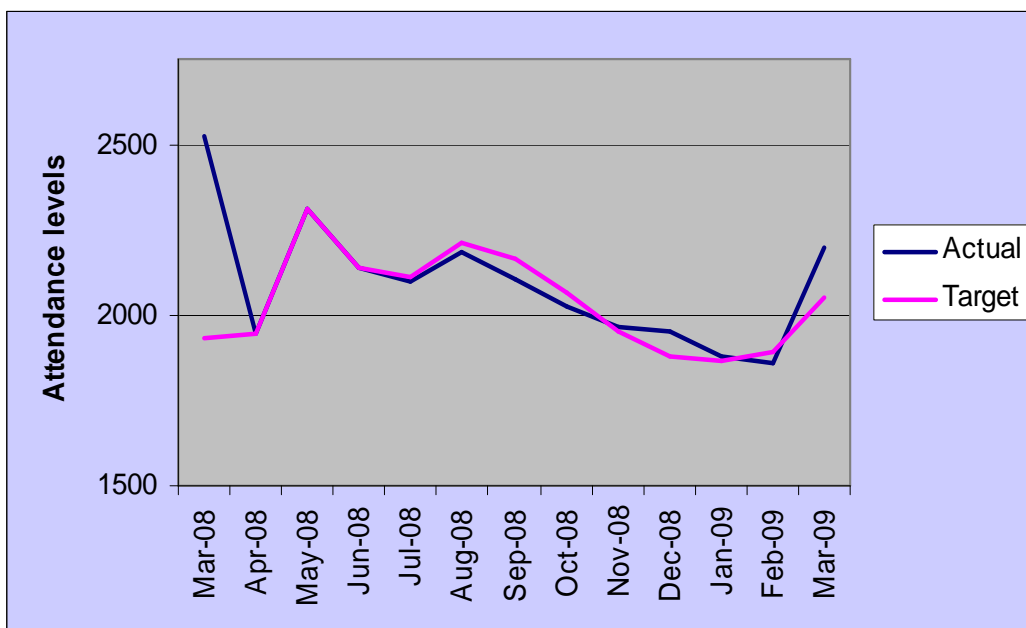
- A&E attendances per 100,000 population
- Sickness absence rates

96. The Board had set a target of 8% of its smoking population to have quit between 2008/09 and 2010/11. The Board is behind the trajectory required to reach this target. To address this situation the Board has appointed a smoking cessation trainer and continues to deliver smoking cessation support across the area.

97. The Board is taking steps to address the number of anti-depressant daily dispensed doses per capita. The Board formed a delivery group to take forward the Psychological Therapies Strategy approved in 2009. To support the work of this strategy the Board created a part time training coordinator post, funded by NES. The Board has carried out a pilot scheme in Clackmannanshire to provide alternatives to prescribing. This has been completed and the Board is using the findings of the pilot to redesign its behavioural psychotherapy services.

98. The Board has committed to reduce A&E attendances to 2,002 per 100,000 of population by March 2011. To enable effective comparison, the Board developed a fluctuating target to take account of seasonal variations. During 2009/10 the Board performance has been broadly in line with the trajectory but in March 2010 attendances were 2,168 against a target of 2,033.

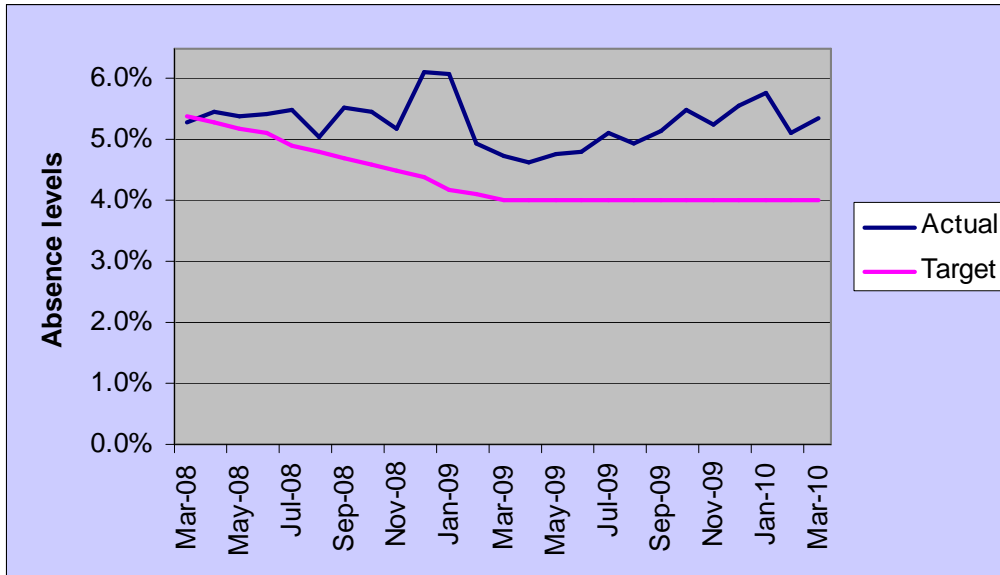
Diagram 3 – A&E attendances (per 100,000 of population) against target trajectory



(Source: NHS Forth Valley, Corporate Priorities Framework presented to NHS Forth Valley Board, May 2010)

99. As in 2008/09, absence management continues to be both a priority and area requiring development. For the second year in succession, the 4% target has not been met. The average absence level for 2009/10 was over 5%, and almost 4.5% percent in March 2010. This is more than 0.5% higher than March 2009 (see Diagram 4).

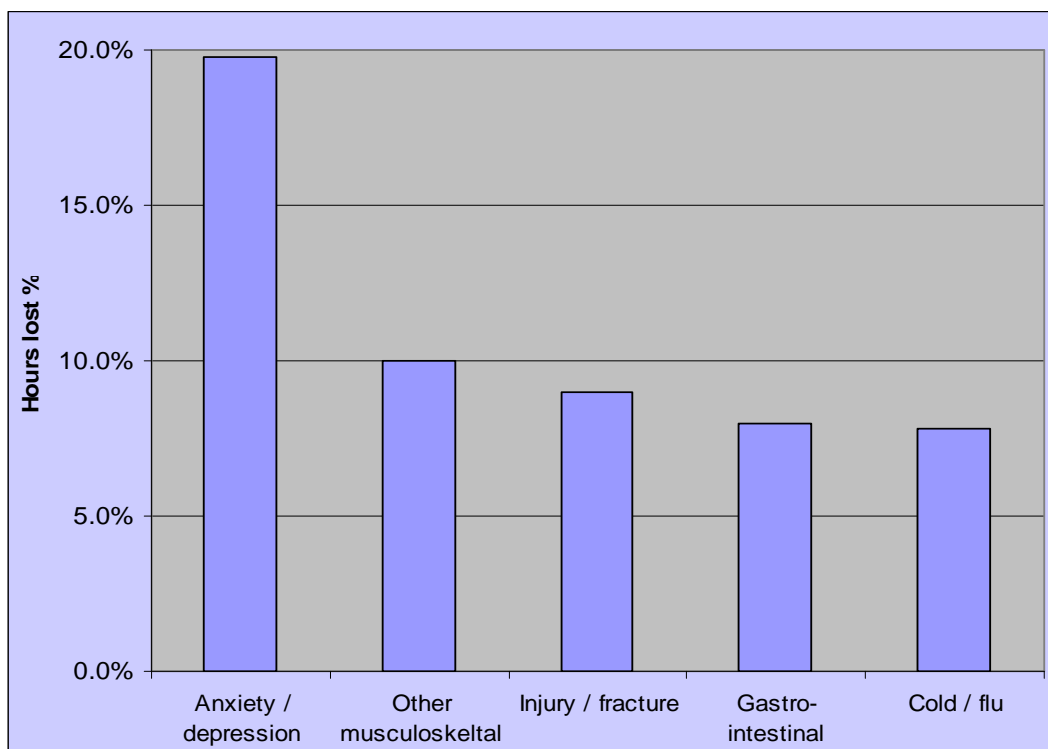
Diagram 4 – NHS Forth Valley Sickness Absence Rates



(Source: NHS Forth Valley, Corporate Priorities Framework presented to NHS Forth Valley Board, May 2010)

100. The Board has identified the five main reasons given for absence during 2009/10 (see Diagram 5). Almost one fifth of all absence was due to anxiety, stress or depression. This is more than the levels of absence due to cold, flu and gastro-intestinal combined.

Diagram 5 – NHS Forth Valley Top Five Reasons for Absence



(Source: Derived from figures reported by NHS Forth Valley)

101. Tackling absence management must continue to be a priority. In the current financial climate the Board could potentially deliver significant levels of efficiency savings by meeting its absence management target of four percent. The information on the main reasons for absence can be used to provide targeted and focused support where it is needed most.

Action plan point 8

National study reports

102. We are pleased to note that the Board has been more proactive in receiving Audit Scotland National Study reports in 2009/10, with the reports presented to the Audit Committee and subject to formal discussion and debate.

103. In January 2010 the Assistant Director of Audit Scotland's Public Reporting Group presented Audit Scotland's *Scotland's Public Finances* report to the Board's Audit Committee. This set out the key issues and messages from the report and gave members an opportunity to ask questions on the study and interpret this in the NHS Forth Valley context. We will continue to work with NHS Forth Valley management to formally present the findings from Audit Scotland National Study reports to the appropriate Committees and forums within the Board.

104. We are required to report bi-annually to Audit Scotland on the action taken by the Board in response to reports issued, and in the coming weeks we will be confirming what action has been taken by the Board in response to the most recent tranche of reports.

Governance

105. This section sets out the main findings arising from our review of NHS Forth Valley's governance arrangements as they relate to:

- Corporate governance
- Risk management
- Internal audit
- Prevention and detection of fraud and irregularity and the National Fraud Initiative (NFI)
- Patient safety and clinical governance
- Public performance reporting

Corporate governance

106. Our work on corporate governance focussed on our review of the Board's arrangements to ensure effective systems of internal control, prevention and detection of fraud and irregularity and standards of conduct and prevention and detection of corruption.

107. We are pleased to report that governance arrangements at NHS Forth Valley remain strong.

Risk management

Risk management framework is increasingly effective

108. Mindful of the impending NHS Quality Improvement Scotland (NHS QIS) review, we considered certain aspects of the Board's overall risk management arrangements during our interim visit. Our conclusion was that risk management continues to improve and is generally effective, with specific management tasked with leading the development of risk management arrangements across the Board.

109. We did identify that, whilst the Corporate Risk Register (CRR) is used to monitor strategic risks on a monthly basis and the outputs are reported to the Board through the Board Performance Reports, the CRR does not currently outline the residual risk remaining after mitigating actions have been applied (the "net" risk). This information would allow for a greater appreciation of the effectiveness of the mitigating controls. Neither does the CRR contain a due date for implementing the mitigating actions (where appropriate), which would support the monitoring of the progress in putting the mitigating actions in place.

Action plan point 9

110. In January 2010, NHS QIS reviewed NHS Forth Valley's clinical governance and risk management arrangements. This is discussed further within the Patient Safety and Clinical Governance section of this report, below.

Internal audit

111. The Board's internal audit service is provided by FTF Audit and Management Services (FTF).

112. In accordance with International Standard on Auditing (ISA) 610 – Considering the work of internal audit, "the external auditor should perform an assessment of the internal audit function when internal auditing is relevant to the external auditor's risk assessment." Overall, we concluded that FTF provides a service which complies with Government Internal Audit Standards and which we can rely upon. To avoid duplication of effort and ensure an efficient audit process, we have made use of internal audit work where appropriate and we are grateful to the FTF internal audit team for their assistance during the course of our audit work.

113. In January 2010, we also issued a report assessing the arrangements in place within FTF to further develop the quality of service it offers and assist in developing a Best Value action plan. Our recommendations included the need to formally demonstrate continuous improvement and efficiency in resources and processes, increased use of benchmarking to objectively assess FTF against comparable providers and the production of an overarching FTF business plan and Audit Charter.

Prevention and detection of fraud and irregularity

114. Our audit was planned to provide a reasonable expectation of detecting material misstatements in the financial statements resulting from fraud and irregularity. As part of our governance work we reviewed the Board's arrangements in place to prevent and detect fraud and irregularity. We did not find any indication of fraud and irregularity and concluded that the Board's internal controls and financial procedures were adequate to prevent and detect material fraud and irregularity.

Adequate NFI arrangements in place but the Board should consider submitting non-mandatory datasets

115. During our interim audit we reviewed the Board's participation in the National Fraud Initiative (NFI) through completion of the Audit Scotland questionnaire and assessment of the Board's overall approach to NFI, including consideration of whether the Board has investigated matches efficiently and effectively. We reported that the Board's arrangements were adequate. However the NFI process requires Boards to consider submission of risk based datasets and during 2008/09 the Board chose not to submit creditors' information. Whilst this is not a mandatory submission, we noted in our interim report that the Board should consider submitting this information in future to fully support the aims and objectives of NFI.

Patient safety and clinical governance

NHS QIS reported in May 2010 that NHS Forth Valley has made substantial progress with regards to clinical governance and risk management arrangements

116. It is essential that NHS Forth Valley has adequate arrangements in place to ensure the continuous improvement of services in a safe environment. The Board has a clinical governance committee with a core agenda structured around the key strategic objectives set out in the clinical governance strategy. The committee met four times during 2009/10.

117. In January 2010, NHS QIS reviewed the Board's clinical governance and risk management arrangements. The review assesses each NHS Board through the cycle of development, implementation, monitoring and reviewing, against the following three national standards:

- Safe and effective care and services
- The health, wellbeing and care experience
- Assurance and accountability

Table 6 – Clinical governance and risk management review findings

CGRM Standard	Development	Implementation	Monitoring	Reviewing
Risk management			✓	
Emergency and continuity planning		✓		
Clinical effectiveness and quality improvement				✓
Access, referral, treatment and discharge				✓
Equality and diversity			✓	
Communication			✓	
Clinical governance and quality assurance			✓	
Fitness to practice		✓		
External Communication			✓	
Performance Management				✓

(Source: NHS QIS Local Report May 2010)

118. The report concluded that Forth Valley has:

- a clear strategic direction and strong leadership as it progresses to its integrated healthcare system.
- robust systems for clinical engagement in improvement activities which allow the Board to demonstrate whole system continuous improvement.
- comprehensive performance management arrangements which supports the organisation's clinical governance agenda.

119. The review has also made a number of recommendations for the Board, including:

- ensuring that there is a documented, planned and systematic approach to evaluation, demonstrating that changes made to arrangements are as a result of a co-ordinated review of current arrangements.
- continuing to move forward with arrangements for business continuity.
- progressing with delivering its single system approach to fitness to practise and ensuring that systems for monitoring these arrangements are in place across the whole organisation.

120. The review findings are consistent with the findings from our audit work over the last four years.

Public performance reporting

121. An extensive range of information is readily available on the Board's website. The Board's communication team is responsible for ensuring the public is made aware of and consulted on a range of issues. Board and Committee meetings, associated papers, Board publications and strategies and latest news updates are all publicised via the website. The site is informative and user-friendly. The Board has also improved the range and ease of accessing performance information, in response to our recommendation in our 2008/09 annual report.

122. During 2009/10 the Board generated local coverage through public events, regular media releases, newsletters, public meetings and briefings. Topics included health promotion, vaccination drives, life-saving new heart attack treatment procedures and progress on the new NHS Forth Valley Royal Hospital and community hospitals.

Looking forward

Financial statements

123. The Board is projecting a breakeven position in 2010/11. This includes the £4.51m surplus carried forward from 2009/10 as well as £1m from the funds banked with SGHD through the Bellsdyke land sale. In 2011/12 and in the remainder of the Board's five year financial plan, the Board is projecting a recurrent breakeven position against RRL.

Use of resources

124. The 2010/11 break even outturn position will be achieved on a non-recurrent basis; an £8m recurrent deficit will be offset by an equal but opposite non-recurrent surplus. The recurrent breakeven position which is projected for the remainder of the five year financial plan will only be achieved through successfully delivering on the challenging savings agenda. Various financial risks have also been identified by the Board which may impact on the achievement of the projected financial outturns. This risk analysis recognises that, whilst the health sector is expected to be the most protected from looming budget reductions, there is still significant uncertainty over the longer term level of funding that will be provided to boards across Scotland.

125. The Integrated Healthcare Strategy is in a critical phase, with Forth Valley Royal Hospital to become fully operational by July 2011 and plans to be finalised for community hospital provision across the Board area. This will allow NHS Forth Valley to build on significant progress already made in service redesign and deliver operating efficiencies.

Performance

126. HEAT targets will come under increasing pressure as the Board looks to maintain a balanced budget. For health boards, the 'difficult decisions' in these challenging financial times may mean prioritising certain targets over others as decisions are made on how best to allocate resources. Constructive dialogue with all stakeholders will be key to identifying the best way forward.

127. Audit Scotland is committed to extending Best Value across the public sector and we will assess the Board against at least one further Best Value toolkit in 2010/11.

Governance

128. Proposals have been drawn up to strengthen NHS Forth Valley's CHPs as joint bodies, including establishing Partnership Boards. This could require changes to the governance arrangements in place over the CHPs, including revision to schemes of establishment. We will continue to monitor progress in this area.

Action Plan

Our annual report action plan details the more significant control weaknesses and opportunities for improvement that we have identified during our final audit visit in addition to any reportable matters arising from our review of performance and governance systems.

The action plans detail the officers responsible for implementing the recommendations and implementation dates. The Board should assess these recommendations for their wider implications before approving the action plan.

It should be noted that the weaknesses identified in this report are only those that have come to our attention during the course of our normal audit work. The audit cannot be expected to detect all errors, weaknesses or opportunities for improvements in management arrangements that may exist.

Grading

To assist the Board in assessing the significance of the issues raised and prioritising the action required to address them, the recommendations have been graded. The grading structure is summarised as follows:

- Grade 5 Very high risk exposure - Major concerns requiring Board attention.
- Grade 4 High risk exposure - Material observations requiring management attention.
- Grade 3 Moderate risk exposure - Significant observations requiring management attention.
- Grade 2 Limited risk exposure - Minor observations requiring management attention
- Grade 1 Efficiency / housekeeping point.

Issues arising from our 2009/10 audit

No	Title	Issue identified	Risk and recommendation	Management comments
1	Equal Pay (Para 16)	NHS Forth Valley has received claims in respect of equal pay. In line with the national position, the Board is unable to quantify the risk of its liability, if any, as at 31 March 2010.	<p>There is a risk that the Board is understating its liabilities and we strongly encourage management, working with the Scottish Government Health Directorates and other NHS Boards, to form a view of the potential liabilities as soon as practicable taking into account the progress of cases in Scotland and in England.</p> <p>Grade 3</p>	<p>NHS Forth Valley in conjunction with SGHD and other NHS Boards continues monitor and review claims and any updated information. This will continue throughout 2010/11.</p> <p>Responsible officer: Director of HR and Director of Finance</p> <p>Implementation date: March 2011</p>
2	Recurrent savings plan (Para 51)	Whilst the Board has identified the need to deliver recurrent real cash-release savings of £26.5m by 31 March 2011, the Board has yet to identify £8m (34%) of this balance.	<p>It is imperative that the Board ensure that robust financial savings plans are identified, to ensure that the financial position of the Board is safeguarded. The Board faces a significant challenge to ensure that achievement of savings plans minimises any adverse impact on front line services and achievement of HEAT targets.</p> <p>Grade 3</p>	<p>A range of potential areas for further savings have been identified. Current work is focussed on their timescale for delivery, feasibility and financial quantification.</p> <p>Responsible officer: Chief Executive</p> <p>Implementation date: September 2010</p>

No	Title	Issue identified	Risk and recommendation	Management comments
3	Operational plan for Information Services (Para 55)	<p>There is no operational plan which defines how strategic objectives will be achieved or provide specific targets for the team/department, including identification of the specific financial and human resources required to successfully deliver the required outputs.</p>	<p>The Board should develop an operational plan, ensuring it provides targets for each department and identifies the specific financial and human resources required to successfully deliver the required outputs.</p> <p>Grade 3</p>	<p>The Information Management (IM) Strategy has been developed in a way that allows the operational business to develop actions and support around implementing the objectives. There has been progress with implementing the strategy and there have been a number of tools to support operational delivery. The Head of IM has regular engagement with the units and the IM team to ensure that the department work plan remains dynamic and supportive of corporate needs. This will continue to be kept under review through the IM sub group.</p> <p>Responsible officer: Director of Strategic Access and Capacity Planning</p> <p>Implementation date: N/A</p>
4	Information management sub-group (Para 56)	<p>Attendance at the Information Management Sub-Group has been poor. It is important to ensure that there is adequate engagement for prioritisation of information management activities.</p>	<p>It is essential that management identify the causes of the poor levels of attendance at the Information Management Sub-Group and remedy this situation as soon as possible.</p> <p>Grade 2</p>	<p>This is noted and will be emphasised to the e-Health Programme Board and Information Management Sub-Group.</p> <p>Responsible officer: Director of Strategic Access and Capacity Planning</p> <p>Implementation date: October 2010</p>

No	Title	Issue identified	Risk and recommendation	Management comments
5	Information security practices (Para 59)	<p>The Board has not made an assessment of the extent of its compliance with good information security practices. It plans to perform a gap analysis against the international information security standard, ISO27001.</p>	<p>The Board should set out a timescale for carrying out this assessment. The output of this assessment should be used to identify those areas where the Board is not compliant and an action plan should be developed to ensure that good practices are implemented.</p> <p>Grade 3</p>	<p>Noted.</p> <p>Responsible officer: Medical Director</p> <p>Implementation date: in line with appointment of information security consultant to perform the review</p>
6	Measurable performance targets (Para 84)	<p>Not all of the targets set out for CHPs and partnership working are SMART targets.</p>	<p>The Board should ensure that all targets for partnership working objectives are measurable and time bound. This will enable the Board to demonstrate successful outcomes and any potential efficiency savings.</p> <p>Grade 3</p>	<p>This work will also be taken forward under the review of performance management arrangements associated with the new arrangements and agreed strategic objectives of the partnership. Note each partnership is at a different stage of adoption of new arrangements.</p> <p>Responsible officer: Head of Performance / GM CHPs</p> <p>Implementation date: December 2010</p>
7	Performance reporting (Para 92)	<p>Existing performance monitoring arrangements for CPPs has not been fully effective.</p>	<p>The Board must ensure that new performance reporting arrangements report against Board, CPP and SOA targets.</p> <p>Grade 3</p>	<p>This will be taken forward during the implementation of revised arrangements, as described.</p> <p>Responsible officer: CHP GMs/Head of Performance</p> <p>Implementation date: March 2011</p>

No	Title	Issue identified	Risk and recommendation	Management comments
8	HEAT targets - absence management (Para 101)	<p>The Board has failed to meet the target for absence levels of 4%. The average absence level for 2009/10 was over 5% and the figure for March 2010 was more than 0.5% higher than March 2009.</p>	<p>Tackling absence management must continue to be a priority. The Board should look to work with other public sector bodies to identify good practice and consider alternative ways to address the issue.</p> <p>Grade 3</p>	<p>There has been local representation on the SGHD PAMSA Group, tasked with developing and cascading best practice. Local Group has also reviewed best practice using NICE Guidelines and working in collaboration with other boards/local authorities in sharing good practice.</p> <p>Responsible officer: Director of Human Resources</p> <p>Implementation date: ongoing</p>
9	Risk management (Para 109)	<p>The Corporate Risk Register does not currently outline the residual risk remaining after mitigating actions have been applied (the "net" risk). Neither does it contain a due date for implementing the mitigating actions (where appropriate).</p>	<p>Risk management information may not be as comprehensive as it could be.</p> <p>As part of the planned risk management refresh, management should consider including residual/net risk scores and setting due dates for mitigating actions to allow for a greater appreciation of the effectiveness of the mitigating controls and to support their implementation in a timely manner.</p> <p>Grade 4</p>	<p>Action agreed in Feb 2010 through Risk Network as this impacts on all Risk Registers and the RR Guidance in the organisation. It was previously agreed to hold off any changes prior to the NHS QIS Review which was undertaken in Jan 2010.</p> <p>Responsible officer: Head of Performance Management</p> <p>Implementation date: July 2010</p>



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