

# NHS Greater Glasgow and Clyde

Report on the 2008/09 Audit

July 2009



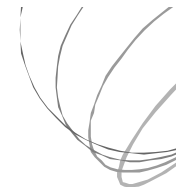
 AUDIT SCOTLAND

# NHS Greater Glasgow and Clyde

**Report on the 2008/09 Audit**

# Contents

<b>Key Messages</b>	<b>1</b>	<b>Performance</b>	<b>23</b>
<b>Introduction</b>	<b>3</b>	<b>Looking Forward</b>	<b>32</b>
<b>Financial Statements</b>	<b>5</b>	<b>Appendix A: Action Plan</b>	<b>34</b>
<b>Use of Resources</b>	<b>10</b>		
<b>Governance and Accountability</b>	<b>18</b>		



# Key Messages

## Introduction

In 2008/09 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 2008/09. 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. It should be noted however that, without qualifying the opinion, we have drawn attention to the current position on potential claims against the Board in respect of Equal Pay.

## Financial position and use of resources

The Board carried forward a £1.395 million surplus from 2007/08 after taking account of prior year adjustments. As at 31 March 2009 the Board disclosed a cumulative surplus of £0.441 million.

The Board's financial statements include significant provisions, particularly in respect of pensions and Agenda for Change payments. Also, they 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 under-estimate of costs in 2008/09 could have a significant impact in future years

£10 million of the costs savings achieved in 2008/09 were required to fund capital charges and energy costs on a non recurrent basis to achieve a break even position. For future years these recurring savings will be used to support the funding of the two new Ambulatory Care hospitals.

In the medium to long term the Board faces a number of challenges to maintaining its financial position. These include the requirement to meet the Government's savings targets, the cost pressures in respect of prescribing growth, capital charges, pay modernisation and utility costs, and the uncertainty over the level of uplifts. The Board has forecast a recurring deficit of £14.9 million in 2009/10. Non-recurring financial resources of £14.9 million have been identified to offset the deficit and achieve financial balance in the Board's 2009/10 financial plan.



## **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 examined the key financial systems underpinning the organisation's control environment. We 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 areas within the Board. 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 represents good practice.

The Board is currently on track to achieve its HEAT (Health Improvement, Efficiency, Access and Treatment) targets.

## **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 and the achievement of savings targets. National issues around Equal Pay claims and changes to accounting procedures, in particular the implementation of Internal Financial Reporting Standards, will also provide challenges 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 2009**



# Introduction

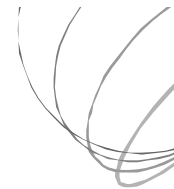
1. This report summarises the findings from our 2008/09 audit of NHS Greater Glasgow and Clyde. The scope of the audit was set out in our Audit Plan presented to the Audit Committee on 27 January 2009. This plan set out our views on the key business risks facing the organisation and described the work 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 throughout this report we comment on aspects of NHS Greater Glasgow and Clyde's arrangements.

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





4. 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 have enough evidence to conclude on all relevant areas. Our intention is to build up the corporate assessment over time. This report is the first step towards that goal.
5. 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. We mention the key findings from all relevant reports, and the implications for NHS Greater Glasgow and Clyde, throughout this report. Full copies of the study reports can be obtained from Audit Scotland's website, [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).
6. 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

7. In this section we summarise key outcomes from our audit of NHS Greater Glasgow and Clyde's financial statements for 2008/09 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.

## Our responsibilities

8. 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.
9. 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

10. We have given an unqualified opinion on the financial statements of NHS Greater Glasgow and Clyde for 2008/09. It should be noted however that, without qualifying the opinion, we have drawn attention to the current position on potential claims against the Board in respect of equal pay.
11. As agreed, the unaudited accounts were provided to us on 11 May 2009 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 23 June 2009 as outlined in our Annual Audit Plan.





## Issues arising from the audit

12. As required by auditing standards we reported to the audit committee on 23 June 2009 the main issues arising from our audit of the financial statements. The key issues reported were as follows.
13. **Equal Pay Claims** – As at 31 March 2009, NHS bodies had received some 13,000 claims and these had been referred for the attention of the NHS Scotland Central Legal Office. Over 5,000 of these relate to NHS Greater Glasgow and Clyde. 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 has been included in NHSGGC's accounts for equal pay and the audit opinion draws attention to this position, without qualification. Further details on this issue are included at paragraphs 19 to 22 below.

### *Risk area 1*

14. **Invoices received with no matching Goods Received Notes (GRNs)** – As at the balance sheet date NHSGGC had an amount for £21.467 million (£29.7 million in 2007/08) recorded in its invoice register for invoices received with no matching GRNs. An accrual for £8.17 million (£12.1 million in 2007/08) has been made in the financial statements based on the age of the invoices and officers' assessment of the potential liability. Finance officers continue to review the position to ensure that the balance of invoices without GRNs is managed downwards. The Board provided us with formal assurances, in a letter of representation, that the accrual, in their judgement, represents a prudent estimate of expenditure incurred.
15. **Land transfer** – a local authority within the Board's area was in the process of formally transferring a piece of land to NHS Greater Glasgow and Clyde for the purpose of building a health centre. Due to the timing of the transaction the legal title to the land had not yet transferred as at 31 March 2009. Officers justified the accounting treatment of the land on the basis of FRS 5 (Reporting the substance of transactions) because the Board have a licence to occupy the site to enable them to commence construction of the new health centre. Finance officers at the Scottish Government Health Directorate concurred with this accounting treatment. In response to our queries, the Board provided us with formal assurance, in a letter of representation, that they had effective title to the land as at 31 March 2009.
16. **Agenda for Change Provision (AfC)** - As at 31 March 2009, £8.96 million was included as an accrual and is designed to cover the cost of back pay of those staff not yet assimilated under AfC. A further £30.7 million has been accounted for as a provision and relates to the potential liability for staff appealing against AfC gradings. These figures include estimations based on NHS Greater Glasgow and Clyde's assumptions and refer to a range of staff posts and grades. The Board in response to our letter of representation confirmed that the provision, in their judgement, is a prudent estimate.



17. **Pension provisions** – The current information received from the Scottish Public Pensions Agency (SPPA) is considered by the Board to be incomplete and consequently the provision is based on best estimates. We requested officials to review a number of cases where there appeared to be an overprovision. This resulted in a reduction of £460,000 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 in respect of pensions.
18. **Disposal of Woodilee Hospital** –The Board's balance sheet includes a current debtor of £6.5 million and a long term debtor of £26 million in respect of the disposal of the Woodilee Hospital site. This sum is due to be paid over a period of years by a consortium of developers. We sought and obtained formal assurance from the Board that the income due from Woodilee would be fully recovered. The Board provided this in a letter of representation supported by relevant legal documentation.

***Risk area 2***

## **Equal Pay Claims**

19. Article 141 of the Treaty of Rome requires member states to ensure and maintain “the application of the principle that men and women should receive equal pay for equal work”. This was taken forward by the Equal Pay Directive which made it clear that all such discrimination should be eliminated from all aspects of remuneration. In the UK the Equal Pay Act 1970 is seen as fulfilling Britain's obligations in relation to equal pay. The National Health Service in Scotland has received a number of claims for equal pay in which additional back pay is sought, arising from the requirement for equal pay. The NHS Central Legal Office (CLO) is instructed by the Management Steering Group of NHSScotland and co-ordinates the legal response of NHSScotland to this issue.
20. There have been some developments in this area over the past year. Some cases are being pursued that also comprise a challenge to the Agenda for Change pay evaluation system on the basis that it perpetuates discrimination. This has slowed the progress of claims. The challenge to Agenda for Change was recently heard at an Employment Tribunal in England. The challenge was unsuccessful and the Tribunal rejected the contention that the Agenda for Change job evaluation scheme was discriminatory. This ruling severely curtails the possibility of claims for any period after 1 October 2004. In relation to claims for the period prior to 1 October 2004, claimants will still have to establish that their jobs at that time were of equal value to the comparator jobs. The CLO have stated that claims currently submitted 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 all equal pay claims in NHS Scotland as well as developments relating to NHS equal pay claims elsewhere that may further inform the position.



21. 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 2008/09. 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 2008/09 financial statements of affected NHS Boards. The position has also been disclosed in the Statement on Internal Control. It should be noted however that, given the potential significance of the issue, and without qualifying the opinion, we have drawn attention in the audit report to the current position on potential claims against the Board in respect of equal pay.
22. We continue to strongly encourage NHS Greater Glasgow and Clyde 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.

## Regularity

23. 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 (IFRS)

24. As announced by the Chancellor in the 2008 Budget report on 12 March 2008 (Budget report paragraph C103), Government departments and other public sector bodies will report using International Financial Reporting Standards (IFRS) from 2009/10. The Scottish Government announced on 25 April 2008 that all Scottish Government Departments, Executive Agencies, Health Bodies and Non-Departmental Public Bodies would be required to produce shadow IFRS based accounts for financial year 2008/09. This was to include a restated balance sheet as at 1 April 2008.
25. In terms of the audit of the IFRS opening balance sheet at 1 April 2008, there were two key dates to achieve as outlined below:
  - **28 November 2008** – opening 2008 IFRS based balance sheets were to be presented to auditors for dry-run audit
  - **28 February 2009** – dry-run audit of opening balances was to be completed, resulting in a letter to management highlighting the work done, auditors' findings and areas for further work.



26. The opening balance sheet and supporting documentation were submitted by NHS Greater Glasgow and Clyde to audit for review by the deadline date of 28 November 2008. The restated balance sheet and supporting working papers were comprehensive and 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 submit our letter to management by 28 February 2009.
27. We made some recommendations for the delivery of the next stage of IFRS reporting - the production of the shadow accounts for 2008/09 - and will consider progress on these when we review the shadow accounts later in 2009. The issues highlighted for further consideration and review by management included:
- The holiday pay accrual.
  - Embedded derivatives.
  - The classification of the Glasgow Royal Infirmary car park.



# Use of Resources

28. 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 management
- management of people
- management and use of information and communications technology (ICT).

## The Board's financial position

### Outturn 2008/09

29. 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**  
**2008/09 Financial Targets Performance £ million**

<b>Financial Target</b>	<b>Target</b>	<b>Actual</b>	<b>Variance</b>
Revenue Resource Limit	2046.67	2046.23	0.44
Capital Resource Limit	123.84	123.76	0.08
Cash Requirement	2227.58	2227.58	-

30. The Board has achieved a cumulative surplus of £0.441 million. The Board carried forward an adjusted surplus of £1.395 million from 2007/08. Table 2 overleaf shows how the current year's surplus of £0.441 million was achieved through a combination of recurring and non-recurring funding. Historically, Boards have relied upon a measure of non recurring funding to achieve financial targets. However, with the tightening financial settlement in future years and the option of capital to revenue transfers no longer available to Boards, there is less scope for reliance on non recurring income to achieve financial balance as Boards seek to rationalise their cost base.



**Table 2**

**Funding Position 2008/09**

	£ Million	£ Million
Recurring income	2616.8	
Recurring expenditure	(2669.5)	
Recurring savings	50.7	
<b>Underlying recurring surplus/(deficit)</b>		(2.0)
Non-recurring income	52.6	
Non-recurring expenditure	54.2	
Non recurring savings	4.0	
<b>Non-recurring surplus/(deficit)</b>		2.4
<b>Financial surplus/(deficit)</b>		0.4
<b>Underlying recurring surplus/(deficit) as a percentage of recurring income</b>		(0.08%)

**Financial sustainability and the 2009/10 budget**

31. There were tighter financial settlements in 2008/09 with a general uplift of 3.15% compared to around 6% in previous years. This trend has continued in 2009/10 where again the uplift is set at 3.15%. This will have a significant impact on long term financial planning and the control of pay and non pay costs. In addition, in common with other public sector organisations, NHS boards have been set an efficiency savings target of 2% in 2009/10. Given the current economic situation and the impact of any review of national spending priorities, there is also risk that funding uplifts will be lower in future years.
32. The Board's financial statements include significant provisions, particularly in respect of pensions and Agenda for Change payments. Also they do not reflect any potential liability for Equal Pay claims as there is a lack of information to enable quantification of liability. Accounting estimates and provisions, by their nature, include a degree of uncertainty and any under-estimate of costs in 2008/09 could have a significant effect in future years.
33. £10 million of the costs savings achieved in 2008/09 were required to fund capital charges and energy costs on a non recurrent basis to achieve a break even position. For future years these recurring savings will be used to support the funding of the two new Ambulatory Care hospitals.
34. A general pay uplift of 2.4% was anticipated in the Board's Financial Plan for most staff groups in 2009/10. The forecast overall growth in pay costs is now 2.75% after taking account of the funding of Agenda for Change and other pay increases for non-consultant medical staff. Pay costs account for approximately 60% of all Board expenditure and consequently this increase in pay costs presents a significant challenge to the Board's Financial Plan in 2009/10.



35. Another significant cost pressure for the Board is the rate of growth, before costs savings initiatives, in prescribing costs. These costs are increasing at a rate of 6% although the overall forecast growth in prescribing costs, taking into account planned costs savings, is estimated to be 4%. There is also uncertainty over the level of utility prices.
36. The Board achieved its cost savings target of £50.7 million in 2008/09. The recurring cost savings which the Board requires to generate in 2009/10 is £45.4 million. In addition there is a requirement to contribute £4 million of non recurrent costs savings to support the residual funding gap for the Clyde area, giving an overall savings target of £49.4 million.
37. In the medium to long term the Board faces a number of challenges to maintaining its financial position. These include the requirement to meet the Government's savings targets, the cost pressures in respect of prescribing growth, capital charges, pay increases and utility costs, and the uncertainty over the level of uplifts. The Board has forecast a recurring deficit of £14.9 million in 2009/10. Non-recurring financial resources of £14.9 million have been identified to offset the deficit and achieve financial balance in the Board's 2009/10 financial plan.

### ***Risk area 3***

## **Financial management**

38. Audit Scotland is developing a range of audit toolkits to cover key best value principles. These are being developed for use by auditors although they may also be used by NHS bodies themselves for self-assessment purposes. The first of the toolkits, which covered financial management, was piloted in NHS Greater Glasgow and Clyde during 2007/08.
39. Our detailed report was issued in October 2008 and drew upon examples of good practice across the NHS in Scotland. Our report concluded that the board's arrangements in this area are soundly based and in 2009/10 we plan to monitor the board's progress in developing an action plan to address the areas where performance could be improved.

## **People management**

40. During 2008/09 we carried out a brief review of NHS Greater Glasgow and Clyde's process for the completion of its staff governance action plan. The work was carried out in response to a request from the Scottish Government to Audit Scotland for external auditors to review boards' procedures in relation to staff governance. In the case of NHS Greater Glasgow and Clyde, we reviewed the procedures followed for the production of the 2009/10 staff governance action plan. The main purpose of our review was to ensure that the staff governance action plan addresses issues arising from:
  - staff survey results
  - mandatory statistics on people management
  - any outstanding issues from the previous year's action plan.



41. Our review also included checking that the staff governance action plan includes clear timescales, identifies responsible officers and sets out measurable actions. Overall, we noted that NHS Greater Glasgow and Clyde has a robust process in place for the production of its staff governance action plan.
42. As with other health boards in Scotland NHS Greater Glasgow and Clyde faces a major challenge in achieving the sickness absence target of 4% from March 2009. As at the end of March 2009, the sickness absence rate for the Board was 4.93% which was slightly below the Scottish average. The Board is taking action to reduce sickness absence including the adoption of a harmonised Attendance Management Policy and the inclusion of attendance management as a key target for senior staff within their 2008/09 performance objectives.

***Risk area 4***

43. The Board has a target to ensure that all employees covered by Agenda for Change had an agreed Knowledge and Skills Framework (KSF) personal development plan in place by March 2009. As at 31 March 2009 the Board reported that 99% of staff had KSF Performance Development Plans.

## **Management and use of ICT**

44. As part of the 2008/09 audit we have reviewed several aspects of the Board's management and use of ICT:
  - information management
  - data handling
  - Picture Archiving and Communication System (PACS)
  - an ICT status report (jointly with internal audit).

## **Information Management**

45. A best value audit toolkit covering information management was piloted in NHS Greater Glasgow and Clyde during 2008/09. The review sought to establish the Board's position in relation to:
  - information governance and leadership
  - information for decision making
  - service delivery
  - compliance and control
  - knowledge management.

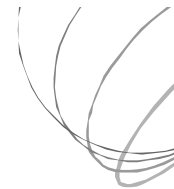




46. Our review established that the Board's arrangements in this area are generally soundly based, with a number of areas of good practice. In particular, the Director of Health Information and Technology provides strong leadership and has been instrumental in progressing single system working. However, some areas have been identified where the Board's arrangements are at the 'basic' level under our categorisation. For example, in the use of service performance measurement and benchmarking. We plan to submit our detailed report in August, drawing upon examples of good practice across the NHS in Scotland.

## **Data Handling**

47. High profile security incidents and personal losses from fraud have increased public awareness of the dangers of any lack of control of personal information. As part of the 2008/09 audit we carried out a review of the Board's arrangements for information and communication technology (ICT) data handling.
48. We found that management have taken steps to strengthen controls by implementing single system working and progressing with the development of a set of policies, for information governance and security, to apply throughout the Board. In addition, the Board has acted to strengthen the ICT control environment in the following areas:
- introduced local procedures for the handling of sensitive information
  - created a security perimeter for its electronic network
  - provided security training to staff.
49. Certain risks remain to be addressed, in particular the need to:
- ensure that data is not inappropriately disclosed especially with the growing connectivity of information technology and communications systems
  - be extra vigilant to ensure that data is not exposed to unnecessary risk in a period of organisational change and the implementation of new technologies (e.g. portal technology at Ambulatory Care Hospitals)
  - continue to increase staff awareness and training in respect of information security and data handling procedures.



## Picture Archiving and Communication System (PACS)

50. PACS is part of a nationally managed system although responsibility for the day to day operation of the system is shared between NHSGGC and the service provider i.e. Carestream Health. The user control element of the application security and database administration is, however, the responsibility of NHSGGC.

51. The main issues identified by this review are summarised below:

- Due to the high user dependence on PACS, there is a need for robust business continuity and disaster recovery arrangements. Business continuity and disaster recovery arrangements have been tested during the national acceptance testing phase. However, there remain some aspects of business continuity plans, for those elements of the PACS solution which are delivered by service providers, which have yet to be fully established and tested.
- PACS is a key service used within NHS Scotland and suitable provision for sustainability and security of the service will need to be made, and kept under review, both locally and nationally by engagement through the national User Group.
- PACS involves central and local activities. Controls will need to be in place and monitored accordingly at both a local and a national level. For example, user management, database administration, the capture, storage and transfer of data are local activities whereas data sharing, volume growth and storage management are activities that are governed on a national basis.
- As PACS has now become an integral part of service delivery, the medium to long term impact on the product life-cycle will need careful consideration including future product testing, upgrade and implementation or the eventual product replacement.

52. An action plan to address risks has been agreed with management. The actions are due to be implemented in the near future. Therefore, it has been agreed that we would follow-up progress in implementing agreed actions as part of our follow-up work.

## ICT Status Report

53. Our audit plan for 2008/09 included a joint exercise with internal audit to follow-up and monitor progress made by management in implementing previously agreed audit actions. This work covers the following reports.



**Table 3**

**ICT reports covered by joint internal/external audit exercise**

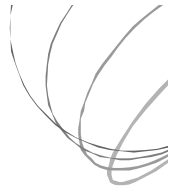
<b>External audit reports</b>	<b>Internal audit reports</b>
Computer Services Review Follow-up (2007/08)	HI&T Restructuring Follow-up ( 2007/08)
Ambulatory Care Hospitals – Review of Portal Development Project (2007/08)	IT Programme and Project Management Follow-up (2007/08)
Review of Key ICT Installations/ Applications (2007/08)	IT Policies and Procedures Follow-up (2007/08)
Review of PACS Application/Installation (2008/09)	

54. This work is nearing completion and preliminary findings indicate that the Board has made good progress in implementing previously agreed audit recommendations. Full details of progress will be reported to the Audit Committee meeting scheduled for October 2009 where it is planned that the Director of Health and Information Technology will attend to discuss auditors' findings and answer any questions.

## National Studies

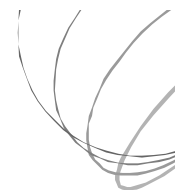
### Asset management in the NHS

55. This study examined how the NHS is strategically managing its assets to support effective service delivery. The study's objectives included assessing the extent to which the Scottish Government provides strategic direction to NHS bodies on asset management in general and the assurance that NHS estate is being used in the most economic and effective way. It also evaluated how well NHS bodies strategically manage all of their assets to ensure effective service delivery.
56. The report recommended that NHS bodies should:
- develop strategies for each type of asset and then develop a corporate asset management strategy and plan, which links with their clinical strategies
  - ensure they assess estate condition, statutory compliance, functional stability and space utilisation on a regular basis
  - ensure all information on assets is held electronically.
  - review their performance management arrangements and, where required, develop performance measures and targets for assets.



## **Managing the use of medicines in hospitals: follow-up review**

57. This review followed up the key recommendations from Audit Scotland's 2005 report on '*Managing the use of medicines in hospitals.*' It also provided an overview of national developments since 2005. The report recommended that NHS boards should ensure that pharmacy workforce plans are based on an assessment of need, which considers the appropriate numbers, skill mix and other resources such as automation, to meet future needs for dispensary, clinical and other work.
58. The report also recommends that the Scottish Government and NHS boards should ensure that the Agenda for Change assimilation and review process for pharmacy staff is completed as a matter of urgency.
59. The above national reports are due to be considered in detail at a future meeting(s) of the Performance Review Group (PRG). This will involve relevant senior managers attending the PRG to outline the Board's progress in addressing recommendations locally and deal with any questions from the Group.



# Governance and Accountability

60. 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.
61. 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

62. This year we reviewed:
- internal audit
  - key systems of internal control
  - aspects of ICT (refer paragraphs 44 to 54)
  - the arrangements for the compilation of the staff governance action plan (refer paragraphs 40 to 43)
  - arrangements for the prevention and detection of fraud and irregularity, including standards of conduct.
63. Our overall conclusion is that arrangements within NHS Greater Glasgow and Clyde are sound and have operated through 2008/09.

## Patient safety and clinical governance

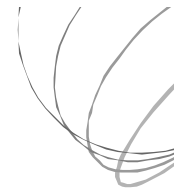
64. The Board continues to work with NHS Quality Improvement Scotland (NHS QIS) to support the implementation of the clinical governance and risk management standards to ensure that clinical governance principles are embedded in local practice. New guidance has been issued and the Board's self-assessment of performance was submitted in July 2009 prior to the forthcoming NHSQIS visit in September 2009.
65. The Scottish Patient Safety Programme (SPSP) was launched in 2007 by the Scottish Patient Safety Alliance, which brings together the Scottish Government, NHSQIS and NHS boards. The main aim of the programme is to reduce mortality by 15% and adverse events by 30%. NHS Greater Glasgow and Clyde has made good progress on a phased basis in implementing the tools and techniques of the SPSP, rolling them out across many acute sites, although there are areas where the targeted milestones will not be met.



66. A key element of the SPSP is the need to improve the organisational culture and leadership on patient safety. Following an outbreak of Clostridium Difficile (C.Diff) at the Vale of Leven Hospital between December 2007 and June 2008 the Cabinet Secretary for Health and Wellbeing set up an Independent Review Panel (IRP) led by Professor Cairns Smith to review the situation. The IRP published their report in August 2008 and NHS Greater Glasgow and Clyde responded by implementing a C.Diff action plan. The Medical Director provided the PRG and Board with regular progress reports against the action plan during 2008/09 and progress reports are also submitted to the Cabinet Secretary. A follow-up visit by Professor Cairns Smith to NHSGGC in December 2008 confirmed that the Board had made good progress in implementing the action plan. Moreover, the Medical Director advised the Board at its meeting on 21 April that NHSGGC now had one of the lowest incidences of C.Diff in Scotland. The Cabinet Secretary also announced in April 2009 that there would be an independent public inquiry by the Scottish Government on the C.Diff outbreak at Vale of Leven.

## Partnership Working

67. 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.
68. Public Partnership Forums have now been established in each CH(C)P area with relevant committees meeting during the year. Such mechanisms ensure that service users are involved in the service developments and links are established with other local governance structures, for example, community planning committees, to co-ordinate services which meet the needs of local areas.
69. Glasgow City Council (GCC) internal audit department and PricewaterhouseCoopers (PwC), the internal audit provider for NHSGGC, have agreed an approach and programme of joint working to audit CH(C)Ps. In 2008/09 staff from GCC and PwC carried out a joint review to examine the specific arrangements for financial planning and budgetary control within two CHCPs. The review concluded that there were a number of issues to be resolved particularly in relation to the setting and management of budgets for CH(C)Ps particularly by the Council.
70. There have been a number of senior level contacts in recent months including the Chief Executives of both organisations to discuss and progress the issue of devolved budgets. The aim of this work is to fully devolve budgets to CH(C)Ps by April 2010 while at the same time establishing clear lines of accountability.



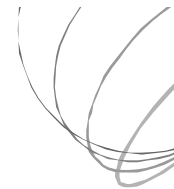
71. In other areas partnership working is delivering new initiatives for delivering services in community settings. For example, the new modernised Pollock Civic Realm incorporating a refurbished health centre has been commended by the Cabinet Secretary for Health and Wellbeing.

## Systems of internal control

72. 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 2008/09 PricewaterhouseCoopers, the Board's internal auditors, provided their opinion that, based on the internal audit work undertaken during the year, there was reasonable assurance on the adequacy and effectiveness of the systems of internal control.
73. As part of our audit we reviewed the high level controls in a number of NHS Greater Glasgow and Clyde systems that impact on the financial statements. This audit work covered a number of areas including cash and bank, payroll, accounts payable, accounts receivable, fixed assets, general ledger, Family Health Services, budgetary control, stores and procurement. Our overall conclusion was that NHS Greater Glasgow and Clyde has adequate systems of internal control in place. We did identify a number of areas where controls could be strengthened and agreed an action plan of improvements with management. This has been reported to the Audit Committee and will be followed-up at a future date to confirm that improvements have been made.
74. 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 internal audit's work on Family Health Services expenditure, bank reconciliations and aspects of payments to creditors. This work provided us with additional assurances on the adequacy of the internal control environment within NHS Greater Glasgow and Clyde.

## Statement on internal control

75. 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 recorded management's responsibility for maintaining a sound system of internal control and sets out NHS Greater Glasgow and Clyde's approach. The SIC highlighted the steps taken to improve the Board's risk management processes during 2008/09.
76. The SIC also drew attention to the growing importance of the information governance agenda and actions being taken locally to address this. In particular, the Board has appointed an Information Governance Manager supported by a Senior Information Risk Officer to oversee the implementation of new governance arrangements across NHSGGC.



## **Internal Audit**

77. 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 and as part of our risk assessment and planning process for the 2008/09 audit we assessed whether we could place reliance on NHS Greater Glasgow and Clyde's internal audit function. We concluded that the internal audit service operates in accordance with the Government Internal Audit Manual and therefore placed reliance on their work in a number of areas during 2008/09, as we anticipated in our annual audit plan.

## **Prevention and detection of fraud and irregularities**

78. NHS Greater Glasgow and Clyde has in place a number of measures to prevent and detect fraud, including Standing Financial Instructions, Standing Orders and supporting policies and procedures. The Board has a formal programme of internal audit work, which, although not designed to detect fraud, does provide assurance on the operation of the control systems which are designed to prevent fraud. Any weaknesses detected in the control systems, which could lead to fraud, would be reported to management. The Board has also agreed a formal protocol covering a programme of Payment Verification checks with the Practitioner Services Division of NHS National Services Scotland. In 2008/09 these checks included verification against patient records, requesting patients to confirm treatment by letter, visits to practices and examination of patients.

## **NFI in Scotland**

79. In 2008/09 NHS Greater Glasgow and Clyde took part in the National Fraud Initiative (NFI) in Scotland. The SGHD and NHS Counter Fraud Services have strongly supported the involvement of health bodies in the exercise, which is undertaken as part of the audits of the participating bodies. NFI brings together data from health bodies, councils, police and fire rescue boards, and other agencies, to help identify and prevent a wide range of frauds against the public sector. These include housing benefit fraud, occupational pension fraud and payroll fraud. Health bodies provided payroll data for the exercise. The NFI has generated significant savings for Scottish public bodies but, if fraud or overpayments are not identified, assurances may be taken from internal arrangements for preventing and detecting fraud.

80. The NFI 2008/09 results (data matches) were made available to health bodies on 11 February 2009 via a secure web-based application. Participating bodies follow up the matches, as appropriate, and record the outcomes of their investigations in the application. We monitored the board's involvement in NFI 2008/09 during the course of the audit.





81. It is evident that the Board is committed to the NFI process – the Chief Executive and the Director of Finance have expressed their support for the exercise and results and updates of NFI investigations are reported regularly to the audit committee and audit support groups.

## **National Studies – Review of the new General Medical Services contract**

82. This report considered how the new General Medical Services (GMS) contract, which is UK wide, was implemented in Scotland. The review focused upon the approach taken by the Scottish Government and NHS Boards to plan and implement the contract, the cost and effect of the contract on patients and GPs and the wider NHS arrangements for monitoring and managing the contract.
83. The report recommended that the Scottish Government and NHS boards should:
- monitor the investment by NHS boards in enhanced services to make sure that they achieve value for money as well as meeting local needs
  - collect comprehensive data on local GP and GP practice staff numbers to support workforce planning at a national and local level.
84. The report was considered in detail at the Performance Review Group's meeting on 18 November which was attended by the Head of Primary Care Support who provided the Group with information on actions being taken locally to address issues highlighted in the Audit Scotland Report.



# Performance

85. Public audit is more wide-ranging than in the private sector and covers the examination of, and reporting on, performance and value for money 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
  - 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.
86. In this section we comment on:
- the Board's corporate plan and risks to its achievement
  - performance against targets
  - performance management arrangements
  - efficiency.

## Vision and strategic direction

87. 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.”*

88. The plan consists of seven corporate themes:
- **Improve Resource Utilisation:** making better use of our financial, staff and other resources.
  - **Shift the Balance of Care:** delivering more care in and close to people's homes.
  - **Focus Resources on Greatest Need:** ensure that the more vulnerable sectors of our population have the greatest access to services and resources that meet their needs.
  - **Improve Access:** ensure service organisation, delivery and location enable easy access.
  - **Modernise Services:** provide our services in ways and in facilities which are as up to date as possible.
  - **Improve Individual Health Status:** change key factors and behaviours which impact on health.
  - **Effective Organisation:** be credible, well led and organised and meet our statutory duties.



89. Corporate quarterly performances reports are prepared that are structured around the seven key corporate themes. These include a commentary on performance against each theme while a traffic light system is also used for performance targets and measure. The reports are submitted to NHSGGC's Performance Review Group for review and scrutiny. Work is ongoing to improve the consistency and comparability of the information produced across the organisation.

## Managing risk

90. 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 with the adoption of a single corporate risk register, corporate risk management policies and the issuing of guidance for managers. These corporate risk arrangements are supported by local departmental risk registers and arrangements.

91. The main risk areas are:

- **Securing Financial Stability** - A key challenge for the Board is maintaining financial sustainability in a period of reducing funding levels and increasing pressure to achieve efficiency savings. There are also cost pressures due to increases in prescribing costs and capital charges.
- **Service Redesign and Sustainability** - As has been noted elsewhere in this report, one of the significant challenges that the Board faces relates to its ability to fund a sustainable level of service and implement major service developments, in particular the implementation of its Acute Services Strategy and other service strategies within the Clyde Division.
- **Working In Partnership** – The ability of the Board to work in partnership with local authorities, central government agencies and the voluntary / private sectors has been demonstrated in the various partnership structures established by the Board. For example: CH(C)P, Mental Health Partnership, Supporting People Partnerships etc. Partnership working will play an increasingly important role in proposed service developments and enabling the Board to demonstrate the shift in the balance of care and improving access to services.
- **Maintaining Robust Performance Reporting Frameworks** – The importance of having robust systems of relevant, accurate and understandable information has been recognised by the Board. Significant developments in the performance reporting framework have been implemented during the year although it is recognised that this work is on-going and we will continue to monitor progress in future years. There is also the challenge of working in partnership across NHS Scotland, with Community Planning Partners and with the Scottish Government to embed an outcome-based approach to identifying key priority areas, as described by the HEAT targets, for action in 2009/10.



- **Management Capacity / Workforce Development** – With the current level of service redesign, investment in new and innovative services and organisational change it is essential that the importance of workforce planning is given high priority. There is also an inevitable increase on the demands of senior officers of the Board in terms of knowledge and skills to manage the individual service priorities. The Board will require to take account of this as these developments progress.

92. Each of these areas 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 and have commented on this within the report.

## Service Development

93. 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.

94. 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 of acute services across the city; the construction of two new Ambulatory Care Hospitals (ACHs) which opened in early 2009/10 to provide planned admissions treatment and the provision of cancer services at the new purpose built Beatson Oncology Centre, which opened at Gartnavel Hospital in 2008/09.

95. The next stage of implementation is crucial to the success of the ASR. The proposed re-development at the Southern General hospital site is pivotal and will represent an investment of £842 million. The new facilities will include a specialist adult acute hospital, a children's hospital and laboratory facilities. The Scottish Government approved the Outline Business Case for the development of the adult and children's hospitals in April 2008. The Full Business Case is expected to be completed by summer 2010 with construction due to start in autumn 2010. The Board has established an Acute Services Project Board and separate governance framework to oversee the management of this development. The development is currently at the Invitation to Participate in Dialogue (ITPD) stage and three companies have been invited to participate. In accordance with good practice, a peer review of the documentation and the competitive dialogue process with the bidders has been undertaken. The ITPD process will be completed by 17 July 2009. The bidders will submit their tender response on 11 September 2009 followed by a six week evaluation period and the evaluation panel will submit their recommendations to the Performance Review Group on 3 November. The recommendations will cover:

- the laboratories full business case
- the detailed design development for the new hospitals
- the contract agreement to build the new hospitals.



96. The assumptions in the financial plan underpinning the public funded procurement model for the development of the Southern General site includes anticipated capital receipts from the sale of property of £135 million (16% of total cost). In the current economic climate the achievement of this level of property sales could be challenging. We note that the Board is sighted on this and recognises the challenge it faces to ensure that the capital plan continues to be affordable.
97. Following the outcome of the Independent Scrutiny Panel chaired by Professor Mackay, which looked at the options for consultation on a range of services provided in the area, the Board, after consultation, approved a package of proposals which it said would guarantee the Vale of Leven Hospital a safe and secure future. These proposals were based on a new consultant-led model and included the continuation and expansion of planned outpatient, daycase and diagnostic services. The proposals also included provision for a new medical centre. The Board's proposals were approved by the Cabinet Secretary on 16 July 2009.

## Performance Overview

98. 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 2009 including those for inpatients, outpatients, chest pain, diagnostics, cardiac intervention and the 4 hour waiting time for accident & emergency cases. Some targets, including cancer waiting times in relation to lung and colorectal, were not fully achieved.
99. 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. The Board has already achieved interim milestones of 15 weeks maximum wait for admission for inpatient and day case treatment and 15 weeks for the first out patient appointment. The next milestone was to reach 12 weeks maximum wait for admission for inpatient and daycase treatment, 12 weeks for first outpatient appointment and 6 weeks for diagnostic tests and this was achieved by March 2009.
100. The Board has made significant progress over the course of the year to meet the 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 2009 there were no patients waiting over six weeks for discharge. This is a good example of joint working across public sector organisations to improve performance.
101. 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 will be extended to the health sector through the mechanism of Community Planning Partnerships (CPPs). As a result, NHS boards will require to engage with local authorities, and other public bodies, to agree the priority outcomes and related indicators.

102. NHSGGC is working closely with its partners in the public sector to develop local outcome agreements and embed an outcomes-based approach in its Local Delivery Plan. Currently, NHSGGC is working through CPPs with six local authorities - Glasgow City, East Renfrewshire, Renfrewshire, East Dunbartonshire, West Dunbartonshire and Inverclyde - to develop Single Outcome Agreements.

## Performance Management

103. NHS Greater Glasgow and Clyde has a sound performance management framework in place for monitoring and reporting on performance including

- **Organisational Performance Reviews (OPRs)** – these reviews are carried out on a bi-annual basis and hold management to account for their performance. They are chaired by the Chief Executive and cover all aspects of the Board's activities.
- **Corporate Performance Reports** – performance is reported to the Board's Performance Review Group on a whole range of targets grouped under each of the seven key corporate themes.
- **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.
- **Balanced scorecards** – these are used by the Acute Services Division for each of its nine directorates. They comprise relevant HEAT and local targets such as bed occupancy and length of stay in hospitals.

104. Performance reporting at CH(C)P level is still a developing area. A joint health and social care report is prepared for all five CH(C)Ps within the Glasgow area. This details the performance of all CH(C)Ps alongside that of Glasgow City as a whole. These are used to highlight good performance, areas of concern and areas of variable performance.

105. The Annual Review in August 2008, chaired by the Cabinet Secretary for Health and Wellbeing, highlighted areas where specific action would be required to ensure that particular HEAT targets are achieved. Significant areas where action was required included redesign of children's services, finalisation of the Board's Primary Care Strategy, maintaining progress towards the 18 week referral to treatment target, the 62 day target for all cancer services and proposals for the Vale of Leven Hospital. An Annual Review action plan has been compiled and progress on this is reported to the Performance Review Group.



106. One of the major challenges facing all boards in Scotland is tackling health inequalities. NHSGGC Board recognises this challenge and has incorporated actions within service plans and performance reports to assess progress in this area. These actions include:

- promoting the health of new mothers through encouraging breast feeding of infants
- helping people, including new mothers, to stop smoking through the provision of smoking cessation programmes
- providing education and support for vulnerable and needy families through the work of health visitors and other health professionals
- focusing on the needs of young people and families with young children.

107. Partnership working and Single Outcome Agreements will play an important role in assessing whether health inequalities are being addressed and improvements achieved over time.

## Efficiency

108. In June 2004 the Scottish Executive launched the Efficient Government Initiative. The initiative aspired to achieve £1.5 billion of efficiency savings by 2007/08 and reported efficiency savings of £1.7 billion. In November 2007 the Scottish Government announced the Efficient Government Programme 2008/09 – 2010/11, setting set out its target to deliver cash-releasing efficiency savings amounting to £1.6 billion in 2010/11.

109. To achieve this level of savings the Scottish Government set portfolios a target of two per cent cash-releasing savings – producing the same outputs with fewer inputs – for each of the three financial years. Public bodies will therefore need to be able to deliver year on year efficiency savings and contribute to the achievement of these portfolio savings targets.

110. A national study on the delivery of efficiencies within the Scottish public sector is being undertaken as part of Audit Scotland's programme of performance studies. The study will provide an overview of the Scottish Government's Efficient Government Initiative 2005/06 – 2007/08 and consider the extent to which public bodies are set up to deliver year on year efficiency savings. NHS Greater Glasgow and Clyde participated in this study. The key themes and messages will be reported in a national report due for publication in November 2009.

111. Further, at a local level we produced a high level summary report which concluded that the Board can demonstrate its commitment to the efficient use of resources with many examples of good practice. For example, the Board has a bi-annual system of organisational performance reviews that hold senior management to account for the performance of their service or area of responsibility. These hold managers to account for delivering local cost savings targets. Our local report also noted that there is still scope for improvement particularly in disseminating good practice across the health system.



## National Studies

112. Audit Scotland's Public Reporting Group undertakes a programme of national studies each year in consultation with our stakeholders. The findings and key messages of each study are published in a national report. There is an agreed protocol between the local external audit team and NHS Greater Glasgow and Clyde whereby national reports are considered in detail at the board's Performance Review Group (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 include:

Report Title	PRG Meeting	Paper presented by
Review of NGMS contract	18 November 2008	Head of Primary Care Support
Day surgery in Scotland – reviewing progress	17 March 2009	Director of Surgery and Anaesthetics
A Review of Palliative Care Services in Scotland	5 May 2009*	Director of Rehabilitation & Assessment
Review of NHS Diagnostic Services	19 May 2009	Director of Diagnostics – Acute Services Division

\* Considered at Board seminar

113. A number of national reports are scheduled to be 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 national reports issued over the last year are mostly summarised below although some are already covered elsewhere in this report.

### **A review of palliative care services (August 2008)**

114. The study examined a number of issues including access to, and quality of, palliative care services for adults with long term conditions. In 2006/07, £59 million was spent on specialist palliative care. Almost half of this came from the voluntary sector. The study emphasised that NHS boards and their partners need to plan now to meet the predicted increase in demand from an ageing population.





115. The report recommended that NHS boards should:

- have an up-to-date strategy for delivering palliative care based on an assessment of the current and future needs of their local populations
- work with the voluntary sector to develop and agree protocols for primary care staff and non-specialist hospital staff to refer patients to specialist palliative care services
- apply service improvements such as the Gold Standards Framework Scotland, Liverpool Care Pathway and Do Not Attempt Resuscitation policies in all care settings and ensure these are used appropriately.

### **Day surgery in Scotland – reviewing progress (September 2008)**

116. This study highlighted that ten years after the first review of day surgery in Scotland, Audit Scotland has found that the rate of day surgery continues to rise but there remains wide variation in performance among health boards. Performing more operations as day cases, which involve no overnight stay in hospital, could potentially free up an estimated £8 million a year.

117. The report included some important recommendations:

- there is urgent need for the Scottish Government Health Directorate, NHS boards and the Information Services Division (ISD) of NHS National Services Scotland to agree how best to ensure accurate and complete recording of surgical procedures undertaken in an outpatient setting
- all NHS boards should adopt the British Association of Day Surgery (BADS) Information System and make effective use of this system.

### **Review of NHS diagnostic services (November 2008)**

118. This review examined the efficiency and effectiveness of radiology, endoscopy and laboratory services. It focused mainly on the eight key diagnostic tests covered by the national waiting times target and examined the four main disciplines within laboratory services.

119. The report made a number of significant recommendations for the Scottish Government, NHS boards and ISD Scotland. In particular, it recommended that the Scottish Government work with NHS boards and ISD Scotland to improve data collection systems for all diagnostic services as a matter of priority and also ensure that robust benchmarking data are available to allow NHS boards to compare efficiency. Further, the report recommended that ISD Scotland work with the Scottish Government and NHS boards to improve the quality and consistency of national data sets that include diagnostic services, particularly the Cost Book.



## **Drug and alcohol services in Scotland (March 2009)**

120. The aim of this study was to identify how much of the public sector spends on 'labeled' drug and alcohol services as well as the impact the money has had. The report recommended that public sector bodies should:

- ensure that all drug and alcohol services are based on an assessment of local need and that they are regularly evaluated to ensure value for money
- ensure that service specifications are in place for all drug and alcohol services and set out requirements relating to service activity and quality
- set clear criteria of effectiveness and expected outcomes for the different services that they provide and undertake regular audits to ensure services adhere to expected standards.

## **Overview of mental health services in Scotland (May 2009)**

121. This report provides an overview of mental health services and its main aim was to highlight areas for improvement and identify priorities for future audit work. The study covered mental health services provided by the NHS, councils, prisons, the police and the voluntary sector and examined the accessibility, availability and cost of services.

122. The report recommended that the Scottish Government and local partners should, amongst other things:

- ensure that they work together to deliver services for people with mental health problems which are joined up and that appropriate services are provided on the basis of need
- collect information about services in the community to enable better planning and development of services
- work together to identify and address any gaps in services, including services for children and adolescents and the availability of psychological therapies
- ensure that data on waiting times for mental health services are collected and reported routinely. Action should be taken to address services with long waiting times.

123. Full copies of this and our other national reports can be downloaded from Audit Scotland's website ([www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)).



# Looking Forward

124. NHS Greater Glasgow and Clyde faces a number of challenges in 2009/10, which include:

- **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. The two Ambulatory Care Hospitals which became operational in 2009/10 will require significant levels of investment to be identified from within current revenue allocations. This will present a recurring cost pressure on the Board's financial plan in future years.
- **Financial management and affordability** – The financial settlement in 2009/10 provides an uplift of 3.15% which may reduce in 2010/11 given the current economic situation and the impact of the UK Government budget in April 2009. This will have a significant impact on long term financial planning and the control of pay and non pay costs. The Board's savings targets for 2009/10 have increased to £50 million as a result of increased pay, prescribing costs and capital charges.
- **International Financial Reporting Standards (IFRS)** – Officers are required to prepare shadow accounts under IFRS for 2008/09 by September 2009. The move to full compliance in 2009/10 will require significant effort and it will be important that these issues are addressed early in 2009/10.
- **Efficiency, future funding and economic developments** – Budgets for 2009/10 and the immediate future will need to be managed within a tighter funding regime. This includes the impact of the introduction of International Financial Reporting Standards (IFRS), particularly on PFI, leases and infrastructure accounting. The challenge for NHS Greater Glasgow and Clyde is to prioritise spending, identify efficiencies and review future commitments to ensure delivery of key targets and objectives. This will be even more challenging in the context of the current economic downturn which may impact on a number of elements of the Board's operations including both its resources and the demand for its services.
- **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 has received over 5,000 of the 13,000 claims received nationally on this matter. Significant ongoing uncertainties have been identified by the CLO resulting in an unquantified contingent liability disclosure in 2008/09. 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.



- **Scotland Performs** – The Scottish Government is continuing to develop its approach to performance management based on a National Performance Framework and outcome agreements. In support of this the Scottish Government has developed a new electronic tool and website to communicate to the public on Scotland's progress. This includes progress on overall delivery of the administration's purpose for Government, the five strategic objectives for Scotland and other aspects of the outcomes based National Performance Framework. We will consider how NHS Greater Glasgow and Clyde is addressing this developing area as part of the 2009/10 audit.
- **Best Value** - The concept of Best Value is seen as a key driver of modernisation and improvement in public services. Audit Scotland is committed to extending the Best Value audit regime across the whole public sector and significant development work has taken place over the last year, particularly in the area of Use of Resources. NHS Greater Glasgow and Clyde will wish to respond to this important initiative as it develops.
- **Swine Flu (H1N1 Influenza)** – In terms of clinical activity a key risk going forward is the potential impact of H1N1 Influenza. Although the full extent of the swine flu situation is still emerging, all boards require to ensure plans are in place to deal with the local impact of the developing situation.

125. 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 (CLO) co-ordinated the legal response to all claims and has advised that the claims are not specific enough for any estimate of the potential liability to be made. The Board will continue to liaise with the CLO to monitor progress.	Director of Human Resources	Ongoing
2	The Board's balance sheet includes a current debtor of £6.5 million and a long term debtor of £26 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 4 house builders 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	31/03/10
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 2009/10. 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 includes 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 PPPG and reported to the Board's PRG and full Board on a regular basis.	Director of Finance	Ongoing
4	The Board may not achieve the sickness absence target of 4%.	At the end of May 2009, the Board's sickness absence rate was 4.36%. This was a reduction from March 2008 of 0.54%. This represented considerable management effort with absence being monitored on a regular basis by management team, and the implementation of associated action plans. Daily absence monitoring has been introduced following the outbreak of H1N1 influenza, and the Absence Management Policy is adhered to by managers in order to drive down sickness absence and it is included in all managers' Personal Objectives.	Director of Human Resources	Ongoing