



NHS Greater Glasgow and Clyde

Annual report on the
2013/14 audit

Prepared for the Board of NHS Greater Glasgow
and Clyde and the Auditor General for Scotland

July 2014



Contents

| | |
|---|----|
| Key messages..... | 3 |
| Introduction..... | 6 |
| Financial statements..... | 8 |
| Financial position..... | 12 |
| Governance and accountability..... | 16 |
| Best value, use of resources and performance..... | 22 |
| Appendix I – Summary of Audit Scotland reports 2013/14..... | 27 |
| Appendix II – Significant audit risks..... | 28 |
| Appendix III - Action plan..... | 31 |

Key contacts

Gillian Woolman, Assistant Director

gwoolman@audit-scotland.gov.uk

Helen Russell, Senior Audit Manager

hrussell@audit-scotland.gov.uk

Angus Brown, Senior Auditor

abrown@audit-scotland.gov.uk

Audit Scotland
4th floor (South Suite)
Nelson Mandela Place
Glasgow
G2 1BT

Telephone: 0845 146 1010

Website: www.audit-scotland.gov.uk

Key messages

Financial statements

- Unqualified auditor's report on the 2013/14 financial statements.
- Audited financial statements submitted to Scottish Government by 30 June 2014.

Financial position

- All 2013/14 financial targets met.
- Surplus of £10.2 million against a Revenue Resource Limit of £2,342 million.
- Recurrent savings of £59.9 million against planned savings of £59.9 million.
- Financial management remains strong.

Governance & accountability

- The board had sound governance arrangements in place.
- The board has an effective internal audit function and sound anti-fraud arrangements.

Best value, use of resources & performance

- The board has a well developed framework in place for monitoring and reporting performance.
- Of 47 indicators assessed against target, 62% (29) met or exceeded target; 19% (9) were within 5% of achieving the target while 19% (9) missed their target.

Outlook

- Efficiency savings and the recognition of new or increased income are necessary in order to bridge the funding gap and achieve the forecast breakeven position.
- The migration to the new South Glasgow Hospitals together with the resultant closure of a number of sites will result in a major change to the delivery of services. The successful implementation of ward bed and staffing models and the achievement of delayed discharge targets are necessary for performance targets to be achieved.

Financial Statements

We have given an unqualified audit opinion on the financial statements of NHS Greater Glasgow and Clyde (NHSGGC, 'the board') for 2013/14.

The board achieved all of its financial targets in 2013/14 and returned a surplus against its total Revenue Resource Limit of £10.2 million. In addition the board reported recurrent savings of £59.9 million which was in line with its planned savings target.

The board had initially budgeted to break-even against its Revenue Resource Limit in 2013/14. However following a review of expenditure patterns, and in agreement with the Scottish Government Health and Social Care Directorates (SGHSCD), a cumulative surplus of £10.2 million was reported for the financial year. The SGHSCD has agreed to re-provide the revenue surplus in future years to help fund the anticipated double running costs relating to the opening of the new South Glasgow Hospitals.

Financial management remains strong and there is challenge evident in agreeing and monitoring the financial position of the board.

Financial position

The board's 2014/15 financial plan requires cost savings of £61.4 million to be generated from recurring sources of which £28.5 million relate to non-cash releasing savings. The plan gives indicative figures for 2015/16 and 2016/17, suggesting further recurring savings of around £69.6 million and £58.6 million in each of these years will be required. The board is developing plans to deliver the planned savings. Key to the delivery of savings is the

successful migration to the new South Glasgow Hospitals together with the resultant closure of a number of sites. In addition, the successful implementation of ward bed and staffing models and the achievement of delayed discharge targets is necessary for the successful delivery of services.

The board recognises the difficult operating environment beyond 2014/15 and the challenges facing it, including reduced annual funding uplifts, pension and national insurance changes and the normal pressures of pay, prices and prescribing. Also, the Scottish independence referendum in September, regardless of the outcome, is likely to change the political and fiscal environment within which the board operates and adds a further layer of uncertainty to the organisation's financial plans.

Governance and accountability

In 2013/14 the board had sound governance arrangements in place. The Quality and Performance Committee (QPC), together with the Audit Committee, oversees key aspects of governance. The board also had an effective internal audit function and sound anti-fraud arrangements.

Following a critical disruption in ICT services and the subsequent review, we are pleased to report that the board has implemented all of the recommendations made by the independent Technical Assurance Review Group. However, the root cause of the disruption could not be identified. Business continuity arrangements were applied which resulted in no lasting impact on services provided.

NHSGGC has approved arrangements for five Integrated Joint

Boards (IJBs) with five of its local councils and agreement with the remaining Community Healthcare Partnership (CHP) (Renfrewshire) has yet to be reached. This agreement will require to be operational by 1 April 2015.

The board is reviewing its organisational structure. The chief operating officer left in 2013 and has not been replaced. Duties were shared out as an interim arrangement to provide some space for the chief executive to consider what a new structure could look like given the closure of two large acute hospitals and their amalgamation into one site together with the integration of health and social care. This review is currently being concluded. In the short term, corporate management team meetings in their previous form have ceased, being replaced with periodic management meetings between the chief executive and other key senior officers.

Best value, use of resources and performance

The board has a well established best value framework in place which is supported by well-developed performance management and reporting arrangements.

However of 47 HEAT performance indicators which were reported against target to the July 2014 Quality and Performance Committee, only 62% (29) were on or exceeded target. A further 9

are within 5% of the target. Of particular concern are the indicators relating to delayed discharges and the accident and emergency maximum wait of 4 hours. Management has identified areas for action and progress is being closely monitored.

Outlook

Health and social care integration is a key component of the Scottish Government's public sector reform agenda. It is important that the board and its council partners work jointly and effectively to make integration a success.

By delivering efficiency savings each year to compensate for the gap between available funding and the cost of services, the board is predicting a balanced budget position in each of the years from 2014/15 to 2018/19. The level of flexibility within expenditure budgets is considerably reduced by the release of cost savings in previous years. The board will continue to operate in a funding environment which is subject to sustained pressure to deliver more with less. Achieving sustainability in the medium term will require further innovation and vision to design and deliver the services needed to serve the future needs of citizens.

Introduction

This report is a summary of our findings arising from the 2013/14 audit of NHS Greater Glasgow and Clyde (NHSGGC, “the board”). The purpose of the annual audit report is to summarise the auditor’s opinions and conclusions, and to report any significant issues arising from the audit. The report is divided into sections which reflect our public sector audit model.

Our responsibility, as the external auditor of NHSGGC, is to undertake our audit in accordance with International Standards on Auditing (UK and Ireland) and the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011.

The management of NHSGGC is responsible for:

- preparing financial statements which give a true and fair view
- implementing appropriate internal control systems
- putting in place proper arrangements for the conduct of its affairs
- ensuring that the financial position is soundly based.

This report is addressed to the board and the Auditor General for Scotland and should form the basis of discussions with the audit committee as soon as possible after it has been issued. Reports should be made available to stakeholders and the public, as audit is an essential element of accountability and the process of public reporting.

This report will be published on our website after it has been considered by the board. The information in this report may be used for the Auditor General's annual overview of NHS financial performance. The overview report will be published and presented to the Public Audit Committee of the Scottish Parliament later this year.

A number of **local and national reports** have been issued during the course of the year. These reports (**Appendix I**) include recommendations for improvements. We do not repeat all of the findings in this report, but instead we focus on the financial statements and any significant findings from our wider review of NHSGGC.

The concept of audit risk is of key importance to the audit process. During the planning stage of our audit we identified a number of key audit risks, some of which involved a high degree of judgement by management, some of which had the potential to have significant impact on the financial statements. We set out in our annual audit plan the related source of assurances and the audit work we proposed to undertake to secure appropriate levels of assurance. **Appendix II** sets out the **key audit risks** identified at the planning stage and how we addressed each risk in arriving at our opinion on the financial statements.

Appendix III is an **action plan** setting out the issues, risks and recommendations arising from the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response".

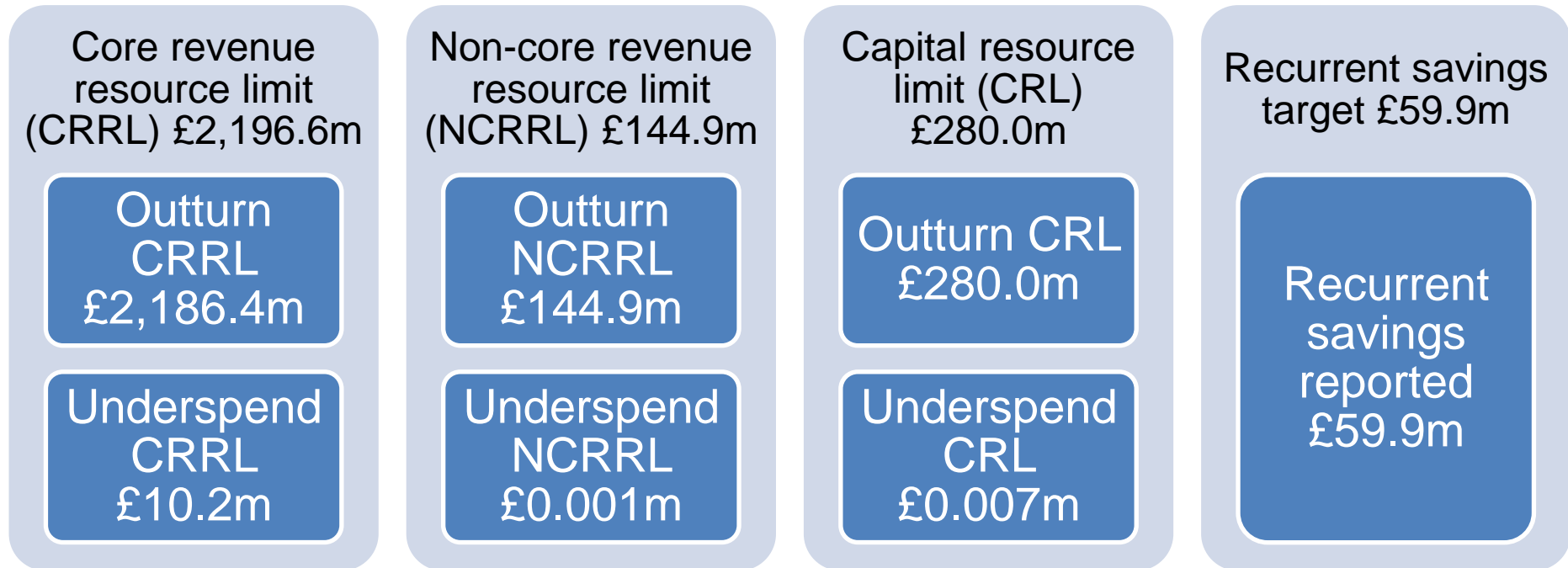
We recognise that not all risks can be eliminated or even

minimised. What is important is that NHSGGC understands its risks and has arrangements in place to manage these risks. The board and Accountable Officer should ensure that they are satisfied with the proposed management action and have a mechanism in place to assess progress and monitor outcomes.

We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

Financial statements



Audit opinion

We have given an unqualified opinion that the financial statements of NHSGGC for 2013/14 give a true and fair view of the state of its affairs and of its net operating cost for the year.

Other information published with the financial statements

Auditors review and report on other information published with the financial statements, including the Operating and Financial Review, Governance Statement and the Remuneration Report. We have nothing to report in respect of these statements.

Regularity

The Public Finance and Accountability (Scotland) Act 2000 requires auditors to certify that, in all material respects, the expenditure and income shown in the accounts were incurred or applied in accordance with relevant legislation and guidance issued by Scottish Ministers. We addressed the requirements of the Act through a range of procedures, including obtaining written assurances from the Accountable Officer. No issues require to be reported.

Accounting issues arising

A number of presentational and monetary adjustments were identified in the financial statements during the course of our audit. These were discussed with senior finance officers who agreed to amend the financial statements. The net effect of these adjustments is to decrease expenditure by £0.08 million. Net assets as recorded in the balance sheet have increased by £0.08 million. The more significant changes were:

- £2.83m (reduction in accruals) relates to a number of items adjusted as a result of review and amendment, and expenditure which more correctly relates to 2014/15
- £1.23m (reduction in accruals) to correct the double counting of payroll related accruals
- £0.63m (increase in accruals) to incorporate expenditure which should have been charged to 2013/14
- £3.44m (increase in accruals) to reflect an increase in the untaken holiday pay accrual

- £0.10m reduction in provisions to reflect provisions which could not be substantiated.

A number of other adjustments were identified which were not processed through the financial statements by management. These related to funding received in relation to specific health programmes which had not been spent or committed by the year end (£1.58m). The major elements of the specific programmes were in relation to cancer developments and MRSA-related projects (£0.96m and £0.37m respectively). While we requested that all errors be corrected, management considered that these adjustments were not material to the financial statements. This decision was agreed by those charged with governance having taken account of advice from officers.

Following guidance from HM Treasury the 2013/14 NHS accounts manual requires host boards to consolidate NHS endowment funds established by the National Health Service (Scotland) Act 1978, where material, into their financial statements. This consolidation has required the restatement of prior year comparatives and the inclusion of a consolidated opening balance sheet at 1 April 2012. The 2013/14 Statement of Consolidated Comprehensive Net Expenditure reflects net endowment trust income of £0.36m while the Consolidated Balance Sheet reflects £88.67m of endowment net assets.

We are pleased to note that the process of approval of the endowment accounts has been amended to be in line with the process for approval of the board's annual accounts. As a consequence the audited accounts for the endowment funds were signed on 24 June 2014 and there are no matters identified that

would impact on the figures consolidated into the board's accounts.

Report to those charged with governance

We presented to the Audit Committee, on 17 June 2014, our report to those charged with governance (ISA 260). The primary purpose of that report was to communicate the significant findings arising from our audit prior to finalisation of the independent auditor's report. The main points are set out in the following paragraphs.

Disposal of Woodilee Hospital

There is an outstanding debt of £11m as at 31 March 2014 relating to sales proceeds of £32.5m for a disposal made in 2007. A revised payment structure for the remaining sum was agreed in March 2012 for full recovery in instalments by November 2016. Standard securities over the land have been obtained from the developers and in May 2013 the board received confirmation from its independent property advisor that the value of the security held is worth in the region of £18.6m. Officers have confirmed that they consider the remaining sums will be fully recovered and the full value realised by November 2016. We are therefore assured as to the likelihood of recovering the remaining balance.

Impairment of non current assets

In 2012/13 and 2013/14, in advance of the move to the new South Glasgow Hospitals, all sites identified for closure have been subject to a review for impairment. A further £28.5m was impaired in 2013/14. We are satisfied that the residual values reflect the remaining economic useful lives of the hospitals affected. This agrees with the guidance contained in the NHS capital accounting manual.

Revaluation of land and buildings

A full revaluation of land and buildings was undertaken in 2013/14 in accordance with the accounting policies. However a number of differences were identified between the valuer's report and the amounts incorporated into the Fixed Asset Register. We asked management to reconcile the different elements within the Register to ensure that the land and buildings assets reflect the revised valuation. We are able to report that the reconciliation was provided and has been subject to audit review. All differences have been satisfactorily resolved.

Indexation of assets under construction

The accounting policies state that assets under construction should be valued at current cost which is calculated by applying an appropriate index to arrive at the current value. The independent valuer has provided information that this index should be set at 8% in 2013/14 which would increase the value of the new South Glasgow Hospitals by £30m. However, management are aware that once the new hospitals become operational in spring 2015, they will be subject to a revaluation review which is likely to result in an impairment of some 5 - 10% of the total value recorded in the financial statements. Specific agreement was received from the Scottish Government Health and Social Care Directorates (SGHSCD) to not apply upward indexation to this asset under construction and we agreed with this action.

Equal pay

The National Health Service in Scotland has received in excess of 5,800 claims for equal pay of which 2,369 relate to NHSGGC. Such

claims are referred to the NHS NSS Central Legal Office (CLO).

In common with other NHS boards, NHSGGC has not been able to quantify the extent of its liability for equal pay claims and has disclosed an unquantified contingent liability. There is a risk that as these claims progress they could have an impact on the board's financial position. **(Action point 1)**

Payroll accruals

In 2012/13 we advised members that there had been a number of new payroll accruals and which related to periods in excess of one year (£8.05m). These included accruals for unpaid maternity pay on public holidays and salary enhancements which were due to be paid to staff while on annual leave. These accruals have continued to be relevant in 2013/14 and have risen to approximately £12m. Management has advised that there have been limited payments made to staff in respect of these accruals due to the detailed confirmation process which is necessary. We have reviewed the associated evidence and are satisfied that these accruals are based on the best information available as at 31 March 2014.

Trades payables – accruals

Our audit review identified a number of year end accruals for which no goods or service had been received. In addition we also identified specific funding from the SGHSCD for projects, where, due to the nature of those projects, not all of the funding had been spent by year end. We again raised concerns as to the quality of the evidence being provided. As a number of these accruals were unsupported, management agreed with our suggestion to reduce accruals by £2.83m. We have discussed with the Director of

Finance the need to review this area in conjunction with the SGHSCD and NHSGGC finance staff to ensure that liabilities are only accrued when there is a constructive obligation and that funding for special projects better reflects the planned phasing of expenditure. **(Action point 2)**

Trades payable

Included within the original accounts submitted for audit was an accrual of £21.8m in respect of untaken holiday pay. Our audit work identified some double counting of untaken annual leave (£1.23m) and the calculation was amended to take account of this. The back up for the revised calculation was received on 10 June 2014. The revised figure has resulted in an increase of £3.44m in the accrual. We have reviewed the calculation provided and have assessed the estimation basis as reasonable.

Outlook

The financial statements of the board are prepared in accordance with the Government Financial Reporting Manual (the FRM). The main new standards to be adopted in 2014/15 are:

- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosures of interests in other entities.

We anticipate that the impact of the adoption of the new standards is unlikely to be significant to the financial statements of NHSGCC in 2014/15.

Financial position

NHSGGC is required to work within the resource limits and cash requirement set by the SGHSCD. The final Revenue Resource Limit (RRL) and Capital Resource Limit (CRL) were agreed with SGHSCD on 8 May 2014. The board achieved all of its financial targets in 2013/14.

The board had initially budgeted to break-even against its RRL in 2013/14. However, following a review of budgets and expenditure, and in agreement with the SGHSCD, a cumulative surplus of £10.2 million was reported for the financial year. The SGHSCD has agreed to re-provide the revenue surplus in future years to help fund the anticipated double running costs relating to the opening of the new South Glasgow Hospitals. The underspend has been achieved by setting aside certain non-recurring income streams.

Capital expenditure

The board spent a total of £280.03 million on capital projects during 2013/14. This amount was within its final CRL of £280.04 million; during the year £7 million was returned to the SGHSCD on the understanding that the funding would be available for spending in 2014/15.

The key area of the 2013/14 programme was the continuing work on the new South Glasgow Hospitals project. £220 million was spent on this project during the year, giving a total of £682 million spent to date out of the overall budget of £842 million.

The total project is progressing in accordance with plan and budget. The date for completion has been brought forward to end January 2015. The internal fit out inspection process has commenced and the ordering of equipment started in March 2014. The community benefit programme continues to generate employment and apprentice opportunities to the local community. 529 posts have been filled as at March 2014 of which 106 are apprentices and 411 are new entrants and long term unemployed.

As a consequence of the underspend of the risk provision, the funding of equipment from endowments and general cost savings, additional construction elements have been added. The construction of the Teaching & Learning Centre (a joint project with the University of Glasgow) remains on programme and on budget (£8m) for completion by end May 2015. In addition, the construction of the New Administration Block remains on programme and on budget (£17m) for completion by April 2015.

As previously noted, the board has recognised a surplus of £10.2 million to fund double running costs for the migration to the new hospital. At this stage, the double running costs are based on estimates and will require to be re-assessed closer to the move. There is a risk that the board will face significant cost and staffing pressures as the new hospitals become operational with the subsequent potential impact on performance. **(Action point 3)**

Expenditure during 2013/14 on other major capital projects included the relocation of some Southern General wards (£8.2 million), Possilpark Health Centre (£6.0 million) and medical equipment (£14.2 million).

Backlog maintenance

In December 2013, the Annual State of NHS Scotland's Assets and Facilities report was published by the Scottish Government. It identified backlog maintenance of £858 million across Scotland which is required to be spent in order to bring assets to a satisfactory condition. NHSGGC is responsible for £163 million of this total although it is acknowledged that this will reduce by some £25 million once the new Hospitals are opened and the older buildings vacated and closed. In recognition of the backlog maintenance, a transfer from capital to revenue funding of £3 million was agreed by the SGHSCD in 2013/14 in addition to a further £3 million brought forward from 2012/13. There remains a challenge in ensuring the estate remains fit for purpose.

Financial sustainability

Historically, boards have relied upon a measure of non-recurring funding to achieve financial targets. There is a risk that over reliance on non-recurring income to achieve financial balance becomes unsustainable. Longer term financial plans should be based upon recurring expenditure streams as a basis for reviewing and redesigning models for service delivery.

The board's draft Local Delivery Plan (LDP) for 2014/15 aligns strategic priorities with financial plans, workforce plans and asset plans. The board's financial planning arrangements include regular monitoring, reporting and updating of financial information and the corporate risk register to ensure that focus be maintained on financial performance and that action is taken on any emerging issues. Budget reports are provided regularly to management team

meetings (previously the Corporate Management Team) and to the board's Quality and Performance Committee and the full board on a bi-monthly basis.

The board's five year financial plan (submitted as part of the LDP) indicates a break-even position in each of the five years. The first three years of the plan contain the most detail and assumes efficiency savings of some £61.4 million in 2014/15 rising to £69.6 million in 2015/16 and reducing to £58.6 million in 2016/17. Future funding uplifts in the range of 2.7% for the period 2014/15 and 1.8% thereafter have been assumed.

The board's ability to achieve financial balance is again largely dependent on it successfully developing and implementing a comprehensive cost savings plan. There is currently a funding shortfall of some £32.9 million which will require to be met through the achievement of cash releasing efficiency savings. In addition, a further £28.5 million of non-cash releasing savings are to be delivered which, in total, reflects the equivalent of 3% of the board's baseline revenue allocation. It has been estimated that the majority of the savings will be achieved through service productivity (£41.5 million), general prescribing (£7.6 million) and workforce (£3.7 million). However, £4.2 million efficiency savings projects remain to be identified. Whilst the board is confident that it will be able to identify these further savings during 2014/15 there remains a risk that the required efficiency savings are not achieved. The board should ensure formal plans are produced covering all the required savings for 2014/15 as a priority. **(Action point 4)**

Workforce reduction

The 2013/14 financial statements include £0.925 million of costs relating to 30 exit packages (2012/13: 62 packages, £1.95 million). Compromise agreements have been acknowledged by the board as offering a recognised way for employees to leave the organisation on a mutually agreed voluntary basis. We tested a sample of payments and noted that each agreement was as a result of a service redesign process, was supported by a business case, and had been appropriately authorised. We were pleased to note that recommendations made to management in 2012/13 following our review of the Framework of Compromise Agreements have been applied. We are also aware that NHSGGC has changed the wording in its settlement agreements to clarify that signing such an agreement is not a bar to reporting workplace concerns. This is as a result of concerns raised nationally regarding the use of so-called “gagging clauses” in settlement agreements.

During 2013/14 the board incurred significant costs in relation to agency staff. Costs increased from £14.4 million in 2012/13 to £17.4 million, an increase of 21%. This increase reflects general staff pressures, for example: 4 out of 10 consultant posts were vacant in Inverclyde Royal for which cover was required; additional staff were required in key areas in order to achieve access targets. Continued reliance on agency workers to this extent may have a significant impact on the board’s plans to achieve sustainable savings. **(Action point 5)**

Cost of pension provision

Note 23 in the financial statements for 2013/14 "Pension Costs" reflects a liability of £29.1 billion for the NHS Superannuation

Scheme. This figure is based on the latest quinquennial actuarial valuation on the NHS Superannuation Scheme as at 31 March 2004 but rolled forward to 31 March 2013. We are aware that the quinquennial actuarial valuation of the scheme is being conducted. Given that such valuations are key to determining the adequacy of employer and employee contributions to the scheme, completion of the latest actuarial valuation will bring clarity as to the adequacy of current contributions to meet the future commitments of the scheme. There is the potential that employer contribution rates may have to be increased as a consequence of this valuation and therefore may need to be incorporated into all financial plans.

Changes in pension legislation came into force in 2012 requiring automatic enrolment of all eligible employees into a workplace pension scheme. The board initially budgeted £5.9 million for the impact of auto-enrolment. However a further £3 million was required as the costs materialised, with just over 50% of staff who were auto-enrolled, remaining in the scheme.

PFI/PPP costs

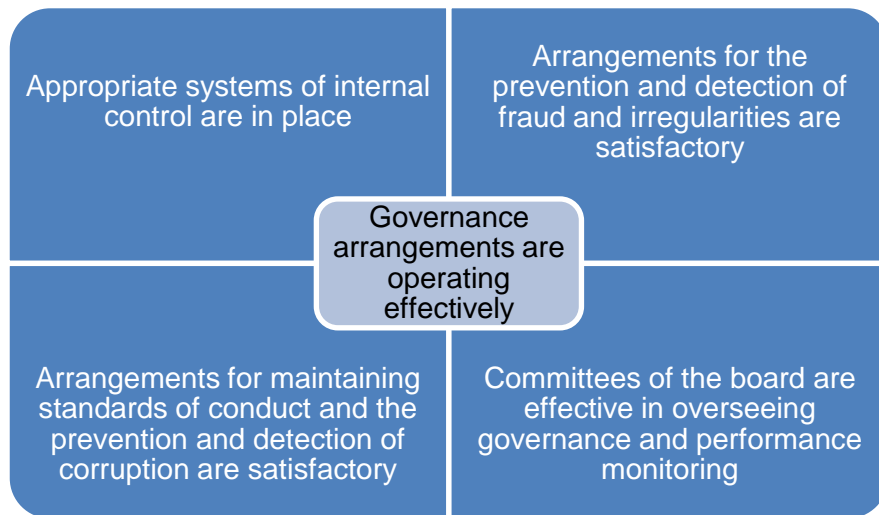
NHSGGC has a number of PFI commitments which are disclosed in Note 22 of the accounts. Seven contracts are reported on balance sheet and include the Stobhill and Victoria Hospitals ambulatory care and diagnostic treatment centres, at a combined value of £193.8 million. The remaining projects (elderly and mental health facilities) range in capital value from £9.1 million to £19.0 million. The associated recurrent revenue cost of these schemes is £29.4 million with gross minimum lease payments of £559 million due over the remaining repayment periods.

Outlook

The board is predicting a balanced budget position in each of the years from 2014/15 to 2018/19. However, this is dependent on the delivery of efficiency savings each year to compensate for the gap between available funding from current sources and the cost of services. The board will continue to operate in a funding environment which is subject to sustained pressure to deliver more with less. There is a degree of uncertainty as to the ultimate double running costs which will arise at a time of transition between old and new operational sites.

In response to the impact of the actuarial valuation referred to above, management has recognised that there is a very strong risk that employer contribution rates will increase leading to significant financial pressure on the NHS from 2015/16.

Governance and accountability



The board and the Accountable Officer are responsible for establishing arrangements for ensuring the proper conduct of the affairs of NHSGGC and for monitoring the adequacy and effectiveness of these arrangements.

Corporate governance

The corporate governance framework within NHSGGC is centred on the board which is supported by a number of standing

committees. The key committee for overseeing governance and performance monitoring is the Quality and Performance Committee (QPC). It meets six times a year and can often have a very full agenda. An Audit Scotland representative attends the meeting as an observer and we note that scrutiny is exercised across a number of key areas.

The audit committee exercises scrutiny in its consideration of internal audit work programmes and outputs and receives all external audit reports. In addition fraud updates are regularly reviewed and the risk register is reviewed annually.

Based on our observations and audit work our overall conclusion is that the governance arrangements within NHSGGC are operating effectively. The committee structure is as follows:



Internal audit

Internal audit provides the board and the Accountable Officer with independent assurance on the overall risk management, internal control and corporate governance processes. In addition, in an effort to avoid duplication, we place reliance on internal audit work where appropriate. We are required by international auditing standards to make an assessment of internal audit to determine the extent to which we can place reliance on its work.

The review of internal audit was carried out in December 2013 and concluded that the internal audit service operates in accordance with Public Sector Internal Audit Standards and has sound documentation standards and reporting procedures in place.

Internal control

As part of our audit we reviewed high level controls in a number of key NHSGGC financial systems. This audit work covered the general ledger, payroll, accounts payable, accounts receivable, cash and cash equivalents, stores, capital accounting and family health services.

For several key financial systems we relied on prior year controls work and we were also able to place a degree of reliance on internal audit work in the areas of accounts payable, treasury/cash management and payroll.

As a result of our work a number of risks were identified and actions to address them agreed with management. We also followed up a number of outstanding controls and governance issues from prior years. We are pleased to note that the board's Standing Financial

Instructions and the Scheme of Financial Delegation and Financial Governance were updated in April 2014. Our overall conclusion was that NHSGGC had appropriate systems of internal control in place during 2013/14.

Shared Services

There are a number of systems where NHSGGC is dependent on another NHS body for the provision of services. NHS National Services Scotland (NSS) provides Practitioner Services and National Information Technology systems and contracts. From 1 April 2013 the board has been using the eFinancials National Single Instance (NSI) to record financial ledger transactions. NHS Ayrshire & Arran has responsibility for the support of the finance systems.

In accordance with International Standard on Assurance Engagement 3402 (ISAE3402), NHS Ayrshire & Arran and NHS NSS commissioned service auditors to provide independent assurance that key controls and processes are operating satisfactorily. All opinions from service auditors were unqualified for 2013/14 but some matters arising were identified. Management should continue to work closely with the host boards to ensure adequate resolution of the matters identified for improvement.

Other governance work

A review of the board's budgetary control arrangements and a review of the arrangements for maintaining the board's Register of Interests were also undertaken. A number of risks were identified and actions to address them agreed with management.

ICT audit

In October 2013 there was a critical disruption in ICT service provision at NHS GGC which led to officers being unable to access many key systems including the financial ledger. Following a rigorous investigation the root cause of the disruption could not be identified and it remains unclear whether the problem can or will recur. As a direct consequence the Cabinet Secretary commissioned an independent technical assurance review and a review of ICT resilience across all health boards. The board has subsequently implemented all the recommendations from the independent review and this should improve recovery should the problem recur.

As key finance systems were affected by the service outage, we reviewed the business continuity arrangements for a range of finance related functions and considered how the lessons learned from this incident in October 2013 have been integrated into the board's business continuity arrangements. Our report is currently being finalised and we intend to report to management in summer 2014. Our initial view is that business continuity arrangements require to be better integrated and coordinated and that limited progress has been made since similar issues were raised by internal audit in December 2012.

We reviewed the board's arrangements for User Identity and Access Management (UIAM). Our review established that although the board has a variety of policies and procedures in place to manage users' identities and access to systems, the resulting UIAM and user provisioning process is protracted, disparate and reactive. We were particularly concerned to note that generic user identities

exist on the clinical applications reviewed. In addition the risk noted by the Information Commissioner in December 2011, regarding user identities that are active when members of staff have left the organisation or are away for extended periods of time, remains. Actions in response to the matters raised were agreed with management and we will follow up progress as part of our 2014/15 audit work.

We also undertook a review of the board's website in light of the eHealth Strategy aim to support people to communicate with the NHS in Scotland. Our review is currently being finalised and will be provided to management in due course.

Arrangements for the prevention and detection of fraud

The board's arrangements in relation to the prevention and detection of fraud and irregularities were found to be satisfactory.

NHS GGC participates in the National Fraud Initiative (NFI). The NFI uses electronic data analysis techniques to compare information held on individuals by different public sector bodies and different financial systems, to identify data matches that might indicate the existence of fraud or error. Overall, we concluded that the board has satisfactory arrangements in place for investigating and reporting data matches identified by the NFI.

The national biennial NFI report was issued in June 2014 and reported that a further £16m fraud had been identified in the public sector in Scotland since the last report in 2012.

Arrangements for maintaining standards of conduct and for the prevention and detection of corruption

The arrangements for the prevention and detection of corruption in NHSGGC were found to be satisfactory.

Patient Safety

The Healthcare Environment Inspectorate (HEI) carried out six cleanliness and safety inspection visits to hospital sites in the NHSGGC board area during 2013/14. The inspections resulted in a number of required improvements and recommendations and action plans have been put in place to address the issues raised. Two Care of Older People inspections were also carried out during 2013/14. Of the 31 issues identified, 25 were assessed as not meeting the recognised standards and the board was required to take immediate action. Action plans have been drawn up to ensure corrective actions are taken.

NHSGGC has a board HEI Steering Group to ensure that actions and learning points from each inspection are cascaded to all hospitals within NHSGGC.

Francis Report

The Francis Report into the Mid-Staffordshire Foundation Trust was published in February 2013. It identified a number of serious weaknesses with the Trust failing to listen to the concerns of staff, and patients, about standards of care and safety.

In response to the Francis Report, NHSGGC established a short life

working group to: review the recommendations and identify which of the recommendations were relevant; whether NHSGGC related practices and approaches were consistent with those recommendations; and what further work should be considered to remedy any identified gaps. An action plan was prepared and a further report outlining progress is to be submitted to the September meeting of the Quality and Performance Committee.

Vale of Leven Hospital Inquiry

The Inquiry was set up by Scottish Ministers to investigate the occurrence of C.difficile infection at the Vale of Leven Hospital from 1 January 2007 to 1 June 2008. The enquiry, which heard evidence from witnesses in the period June 2010 to June 2012, was due to report in April 2014. However, as a result of a number of delays, there is currently no date set for publication. (**Action point 6**)

Boundary Changes

Due to a boundary change aligning the NHSGGC/NHS Lanarkshire boundary with that of local government, on 1 April 2014 around 78,000 patients moved from the NHSGGC area to NHS Lanarkshire. The Scottish Government's funding allocation process has taken account of the financial implications and GPs affected transferred their contract as appropriate.

Glasgow Community Planning Partnership (CPP)

An audit report on Glasgow CPP was published in March 2014. While the review concluded that the CPP has generally made good progress against the five key themes identified in its last Single

Outcome Agreement, Glasgow is still not performing as well as other major Scottish cities and comparable English cities. This reflects the scale of the social and economic challenges that it continues to face. The Chief Executive intends to present the report to the board and consider any further action to support the community planning partnership in taking forward its improvement agenda.

Integration of adult health and social care

The Public Bodies (Joint Working) (Scotland) Act received royal assent on 1 April 2014. The Act provides the framework for the integration of health and social care services in Scotland. The Act offers some flexibility on the partnership arrangements for the governance and oversight of integrated health and social care services. The integration will be complex and challenging and the board will need to engage at the highest level with councils in its area to ensure that integration is delivered within the required timescales and that the arrangements are functional and fit for purpose. This will require:

- The establishment of a local integrated partnership and related governance arrangements
- Integrated budgets for health and social care
- Joint responsibility for strategic and locality planning in the area served.

NHSGGC has approved arrangements for five Integrated Joint Boards (IJBs) and agreement with the remaining CHP (Renfrewshire) has yet to be reached. The shadow IJBs will

operate under the NHS and council governance arrangements currently in place for the year 2014/15. The IJBs will become operational on 1 April 2015.

Equality Act 2010

The Equality Act 2010 introduced a new public sector ‘general duty’ which encourages equality to be mainstreamed into public bodies’ core work. To allow the public to assess an organisation’s performance on equality, the Act requires publication of information on actions taken and the progress made to achieve equality outcomes. The board must review its outcomes and publish a review by April 2015.

The board’s strategy “A Fairer NHS Greater Glasgow & Clyde 2013-16 - meeting the requirements of Equality Legislation” gives information regarding progress on mainstreaming equalities to date, steps being taken to comply with the Equalities Act 2010 and other relevant legislation and how the organisation will meet a variety of quality outcomes in the 2013-16 period. In April 2014 the board produced its annual equalities monitoring report on the activities undertaken in relation to the strategy.

Outlook

Integration of adult health and social care

Integration of health and social care is a complex and challenging process. The Scottish Government has commenced work on the Regulations relating to the Act and the underpinning statutory guidance although this work will not be completed until late 2014.

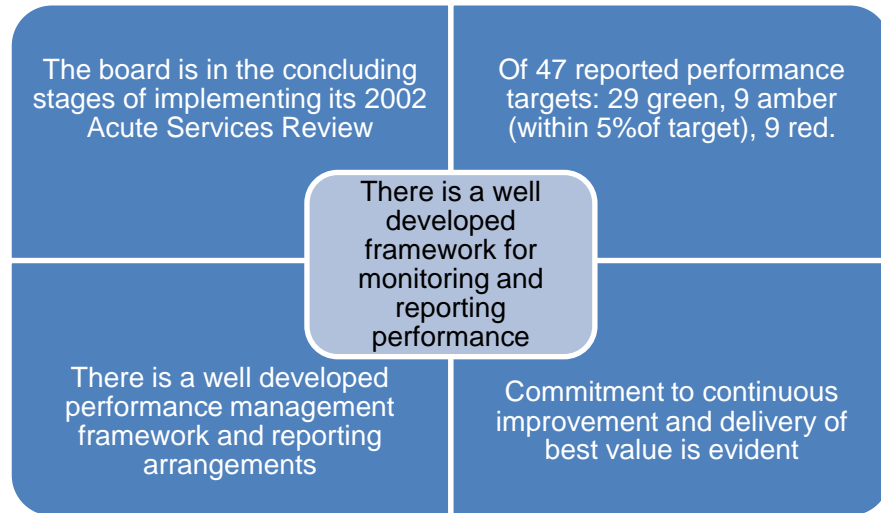
When a final set of regulations is produced, the Scottish Government will consult with partnerships before they are presented to the Scottish Parliament.

The lead-in time for integration is gradually reducing thereby adding further pressure on the board and its local authority partners to deliver. Health and social care integration will be implemented locally from 1 April 2015 while full integration arrangements must be in place by 1 April 2016. With Renfrewshire Council's arrangements not yet finalised, there is a risk that integration arrangements may not be fully developed by the required timescales. **(Action point 7)**

Organisational Review

The board has indicated that 2014/15 will see changes to all operational management structures, due partly to the creation of the Integrated Care Partnerships but also the opening of the new South Glasgow Hospitals and closure of other sites. The post of Chief Operating Officer has been vacant since August 2013 and the post of Director of Finance will shortly become vacant in August 2014. The Director of Human Resources is also departing later in the year. We are aware that the Chief Executive has undertaken a review of the structures in place and that separate reviews of the Human Resources and Finance functions are being concluded. In addition there are a number of experienced non-executive members whose tenures will expire in the short term. There is a risk of loss of experienced senior personnel and protracted uncertainty at a time of substantial change. This may impact on staff morale which may affect successful service delivery and achievement of performance targets. **(Action point 8)**

Best value, use of resources and performance



Arrangements for securing best value

Accountable officers have a specific responsibility to ensure that arrangements have been made to secure best value.

NHSGGC is committed to best value and has arrangements in place to help ensure continuous improvement. To assist the accountable officer in forming his view on arrangements to secure best value, a self assessment schedule is completed by executive directors annually. The challenge however is in demonstrating

continuous improvement through the delivery of improved performance and outcomes.

We will continue to monitor the board's arrangements for demonstrating its commitment to best value and continuous improvement.

Use of resources: workforce

Workforce planning forms one of the strategic arms of the corporate planning process which supports the Local Delivery Plan. The board agreed a 2013/14 workforce plan which reflected an increase in the whole time equivalent workforce numbers across the organisation. However, the 2014/15 plan (which is being finalised) will require to reflect any impact of the move to the new hospitals and the integration of health and social care. There remain a number of challenges in relation to workforce change which could affect the delivery of quality services.

The most recent NHS national staff survey was carried out during 2013. The average national participation rate was 28% whereas in NHSGGC the response rate was only 20% and in 33 of the 40 positive questions, NHSGGC were below the national average. The board's own 'Facing The Future Together' 2012 staff survey had around 4,000 respondents out of an intended 38,000 which represents a participation rate of 11%.

The results of these surveys were reported to the Staff Governance Sub Committee and a working group has been set up to produce and monitor a board-wide action plan. Regular updates are being

provided to the sub-committee.

In response to the national objective to reduce management posts by 25%, the board has committed to reducing the total number of 262 senior manager posts by 66 within five years (from April 2010). The board remains on target to achieve this by 31 March 2015.

As with other health boards in Scotland, NHSGGC faces a challenge in achieving the 4% national sickness absence target. The average sickness absence rate over the year to 31 March 2014 was 4.9% which is the same as the previous year. The board continues to progress a range of approaches in order to reduce absence levels including detailed plans for each division.

Service Redesign

NHS bodies need to deliver high quality services in a challenging financial environment which requires them to focus on the design and sustainability of services. The Acute Services Review (ASR), conducted in 2002, identified the need for service redesign. This has resulted in the completion of two new ambulatory care hospitals, the new Beatson Oncology Centre and a new laboratory block. The final stage of those programmes is due to conclude in 2015 with the opening of the new South Glasgow Hospitals (one for adults, and one for children) at the current Southern General Hospital site. Once the new hospitals are operational the Western and Victoria Infirmeries and Mansionhouse Unit will close and the Royal Hospital for Sick Children will move to the new South Glasgow campus.

Last year the board began a review of clinical services which will

redefine the pattern of services from 2015. This review 'Clinical Services Fit for the Future', is considering the best ways to deliver safe, sustainable and patient-focused care that will achieve the best health outcomes for patients. This review aims to assist the board in responding to the national 2020 vision whereby everyone will be able to live longer healthier lives at home or in a homely setting within a healthcare system.

The impact of all service developments are closely monitored by the board and QPC to ensure that they continue to contribute to improving the patient experience whilst delivering best value.

Performance management

Performance management arrangements are based on Local Delivery Plans (LDPs), which are structured around four key ministerial objectives: health improvement, efficiency, access, and treatment (HEAT). NHS boards are required to agree their planned levels of performance against each of the key measures with the SGHSCD.

In addition to reporting to SGHSCD, the board has a well established internal performance management framework to monitor and report on performance, including:

- bi-annual organisational performance reviews for all business areas with action plans to address areas for improvement
- performance reporting to corporate management
- reports on waiting times and access targets at each meeting of the board

- regular reporting to the QPC on HEAT and other performance targets
- individual performance appraisal of all directors and senior managers.

In addition, the board's policy and planning frameworks include a quality framework that sets out the required outcomes and actions to deliver a quality service. These policy and planning frameworks are used to produce annual development plans for each part of the organisation. The board is also subject to an annual review process by the SGHSCD.

National performance audit reports

A summary of national performance audit reports issued during the year is included in Appendix I.

We have raised previously that a number of Audit Scotland national reports have not been considered by any committee of the board. These are:

- Health Inequalities (published December 2012)
- Managing Scotland's Public Sector Workforce (published November 2013).

These reports provide an opportunity for the board to compare itself against recognised good practice and can assist in the demonstration of best value. The appendix also refers to a number of other national reports which have been published more recently

and should be considered by the board during 2014/15.

Management of patients on NHS waiting lists

Audit Scotland carried out a review of waiting times across the health service in Scotland following reported misuse of patient unavailability codes at NHS Lothian. The review, reporting in February 2013, recognised the need for independent assurance on the management of waiting times to restore public confidence in the system.

A follow up review was published in December 2013. The review found that the trend of reducing use of unavailability codes noted in the original report continued during 2012 and 2013. The review also noted that boards were improving controls and audit trails in the systems used to manage waiting lists. In particular, there is a stronger focus on how boards record and monitor the reasons for patient unavailability.

The board's Internal Auditors (PwC) reviewed progress against agreed recommendations. The follow-up review was considered and noted at the Audit Committee on 5 March 2014. The report highlighted that the board was not meeting all of its targets on waiting times.

Overview of performance targets in 2013/14

The board receives regular performance reports on progress towards achieving the key performance targets set by the Scottish Government (HEAT targets and standards) and local targets. In

addition, performance is subject to detailed scrutiny by the QPC.

As at July 2014, of the 47 indicators which have measurable targets, 9 measures have been assessed as not being met (red), 9 are within 5% of target (amber) and 29 have either met or exceeded the target (green). Actions being taken to address performance issues are provided to the QPC who consider whether the intended action is reasonable.

Explanations for a number of those measures not being met are included within the strategic report section of the financial statements. Areas of particular concern to the QPC include:

18 week referral to treatment

The board is required to deliver 90% performance against the 18 week Treatment Time Guarantee. Performance for April 2014 was 90.6% and to date the board has not missed the target. There are however some particular areas of pressure, for example Ophthalmology, where specific action is being taken to address maternity cover and increasing referral levels by using locum support and extending the roles of Optometrists and Orthoptists.

Cancer referrals and treatments

The board missed both the 62 day and 31 day cancer referrals and treatment targets in January - March 2014 (90.9% of the 62 day and 94.5% of the 31 day patients were treated compared to the 95% target). Following a review by the SGHSCD Cancer Performance Support Team, an action plan was prepared in order to assist achievement of the target. However as at April 2014 performance had again declined.

Staphylococcus aureus bacteraemia (SABs)

While the board continues to meet expected performance in relation to C.Difficile infection, the identification of MRSA/MSSA bacteraemia cases breached the target during the year. Since April 2013, the board had been reporting an upward trend with the most recent validated results confirming a SAB rate of 36.8 cases over the period October to December 2013 compared to the target of 28. However, over the period January to March 2014, the un-validated rate has fallen to 26.7 cases. The reasons for the increase remain unclear despite the board and Health Protection Scotland undertaking a full review to try to identify possible causes and influences.

Unscheduled care

The board has not been meeting its 95% target for people being treated at A&E within 4 hours. As at April 2014, 89.2% of patients were seen within this target. The main reason for patients waiting beyond the four hours has been as a result of waiting for a bed. There has also been evidence that fluctuating demand for A&E services can lead to "spikes" such as the events at the Victoria Infirmary in June 2014, when there were 40% more attendances than average with no specific reason attributed by the board. The board has updated its Local Unscheduled Care Action Plan (LUCAP) to reflect measures the board wants to take to address the unscheduled care issues.

Delayed discharges

Delayed discharges are in excess of the target. As at May 2014, 33 patients were delayed in excess of 28 days (target 0 patients) and 86 patients were delayed in excess of 14 days (against a trajectory

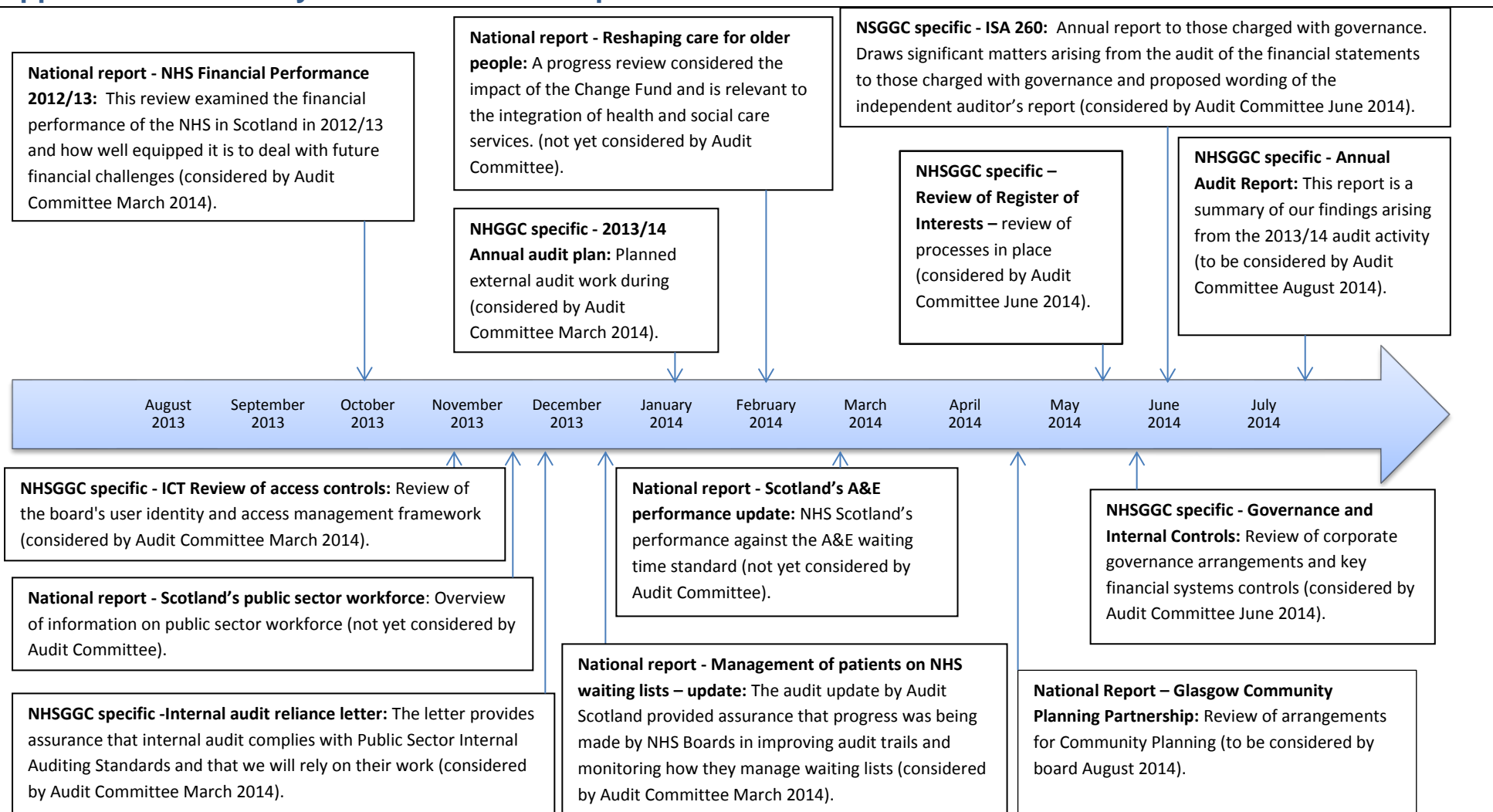
of 45 patients). The board continues to work with its local authority partners in order to introduce measures to address the causes of the delays.

Outlook

In common with other NHS boards, NHSGGC faces increasing demand for improved services arising from changing demographics, lifestyles, health inequalities and increasing public expectations. At the same time it faces cost pressures arising from the availability of new drugs, treatments and technologies and the impact of health service specific inflation. It will be a continuing challenge for the board to respond, including consideration of service redesign to improve quality, while also making services more efficient and sustainable. **(Action point 9)**

The opening of the new SGHs in 2015 is a redesign of NHSGGC's services on a large scale involving the transformation of a number of existing processes. The board is already developing and piloting some of these in existing sites, for example "self check-in" at outpatient clinics. The expected impact of the new SGHs relies on the successful migration of staff and services together with the implementation of staffing and bed models which, in turn, rely on the need to keep delayed discharges to a minimum. It is also, however, likely that performance against national HEAT targets may dip in the period of transition to the new hospitals.

Appendix I – Summary of Audit Scotland reports 2013/14



Appendix II - Significant audit risks

The table below sets out the key audit risks identified at the planning stage and how we addressed each risk in arriving at our opinion on the financial statements.

| Audit Risk | Assurance procedure |
|------------|---|
| 1. | <p>Endowments. The board is required to consolidate the NHS Endowment Funds with its financial statements. There is a risk that a financial misstatement will occur in the consolidation process.</p> <p>The NHS Greater Glasgow and Clyde Endowment Funds were consolidated into NHSGGC's financial statements in 2013/14 in accordance with IAS27 and as required by the NHS manual of accounts. The basis of consolidation was merger accounting.</p> <p>We undertook procedures to assure ourselves that we could place reliance on the work of the component auditor.</p> <p>The external auditors of NHSGGC Endowment Funds issued an unqualified audit opinion which was reported to the Audit Committee on 17 June 2014. The Endowment Funds Accounts were subsequently approved by the board on 24 June 2014.</p> |
| 2. | <p>Accruals. In previous years there have been challenges obtaining adequate evidence to support year end accruals. There is a risk that a financial misstatement will occur if accruals are raised inappropriately.</p> <p>We held early discussions with management in order to discuss potential issues arising. We extended our audit testing and identified a number of matters which required discussion with management.</p> <p><i>Refer to page 11 of this report.</i></p> |
| 3. | <p>Provisions. The board has disclosed significant provisions in its financial statements. Due to their subjective nature, there is a risk that provisions could be incomplete, not valid or incorrectly valued.</p> <p>We reviewed the accuracy, validity and completeness of the provisions and tested the year end balances substantively. We identified an element of the restructuring provision which could not be adequately substantiated and which was adjusted for in the financial statements.</p> |

| Audit Risk | Assurance procedure |
|--|--|
| <p>4. Fraud. Income from external sources can present a risk of fraud. Particular areas for concern include accounts receivable.</p> <p>There is also a risk of material misstatement due to the potential for fraudulent claims from practitioners and false exemption claims.</p> | <p>We undertook substantive testing of external income as part of our interim audit work. Our testing focussed on other income received by the board and no matters arising were identified.</p> <p>We monitored the processes in place by both the board and PSD on behalf of the board.</p> <p>We also relied on the auditor of NHS National Services Scotland (NHS NSS) who reviewed the work of the service auditor of Practitioner & Counter Fraud Services (PCFS). The auditor of NHS NSS noted that 'I am able to conclude from my review of the service auditor's work that, based on the good quality of the audit files reviewed, the reporting of issues and progress reports presented during the year to the NSS Audit and Risk Committee, that Scott Moncrieff's service audit work on PCFS is satisfactory and that assurance can be placed thereon.'</p> |
| <p>5. Financial position. NHSGGC faces challenges in dealing with a range of actual and anticipated funding and cost pressures. There is a risk that the board fails to achieve its planned year end financial position.</p> | <p>We reviewed the budgetary control arrangements in place at board level and reviewed regular monitoring reports and returns to the SGHSCD.</p> <p>All financial targets were met in 2013/14.</p> <p>Refer to page 13 of this report.</p> |
| <p>6. ICT. The cause of a recent critical disruption in ICT service provision could not be identified. There is a risk that another instance of unplanned service outage could impede delivery of services or the production of the annual accounts.</p> | <p>As a direct consequence the Cabinet Secretary commissioned an independent technical assurance review and a review of ICT resilience across all health boards. The board has subsequently implemented all the recommendations from the review and this will improve recovery should the problem recur.</p> <p>We have reviewed business continuity arrangements within selected systems. A report outlining our findings will be presented to the Audit Committee shortly.</p> <p>Refer to page 18 of this report.</p> |

| Audit Risk | Assurance procedure |
|---|---|
| <p>7. Website review. The Person-centred eHealth Strategy aims to improve the information available to patients. There is a risk that the board's website and content management does not allow for easy access to current information.</p> | <p>A review of the board's website was carried out during 2013/14. A report outlining our findings will be presented to the Audit Committee shortly.</p> |
| <p>8. Equal pay. NHSGGC, as with other boards, has not been able to quantify the extent of its liability for Equal Pay claims. Whilst the risk is reducing, there remains a risk that these liabilities will have an impact on the board's financial position.</p> | <p>As at 31 March 2014 the National Health Service in Scotland has received in excess of 5,800 claims for equal pay of which 2,369 relate to NHSGGC. Such claims are referred to the NHS NSS Central Legal Office (CLO). As the board is unable to quantify the value of any potential claims, it has been agreed that appropriate reference will be included within the financial statements as unquantified contingent liabilities.</p> <p><i>Refer to page 10 of this report.</i></p> |
| <p>9. Governance arrangements. The processes which provide the accountable officer with the necessary assurances have been developing. There is a risk these processes are not operating effectively.</p> | <p>We reviewed the processes in place to ensure assurance is received by key officers. We also reviewed the processes for compiling the register of interests. Matters identified were included within our management letter which was submitted to the audit committee in June 2014. We are able to record that all internal control checklists and assurance statements were completed and returned on a timely basis.</p> |

Appendix III – Action plan

| Action plan point/page | Issue, risk and recommendation | Management action/response | Responsible officer | Target date |
|------------------------|--|---|---------------------|-------------|
| 1/11 | <p>Equal pay</p> <p>NHSGGC, in common with other NHS bodies, has not been able to quantify the extent of its liability for compensation in respect of equal pay claims.</p> <p>Risk</p> <p>Settlement of equal pay claims could have a significant impact on the board's future financial position.</p> <p>Recommendation</p> <p>The board should continue to work with the CLO to establish its potential exposure to successful claims for compensation payments.</p> | <p>The Health Board will continue to work with the Central Legal office in respect of Equal Pay claims and will provide for any liabilities when advised by Central Legal Office.</p> | Director of Finance | March 2015 |

| Action plan point/page | Issue, risk and recommendation | Management action/response | Responsible officer | Target date |
|------------------------|--|---|-----------------------------------|-----------------|
| 2/11 | <p>Accruals</p> <p>A number of projects were inappropriately accrued at year end and adjusted for in the final accounts.</p> <p>Risk</p> <p>There is a risk that if expenditure is not accounted for in the correct accounting period, there is a loss of transparency in financial reporting. This has implications for subsequent resource allocation.</p> <p>Recommendation</p> <p>The board should review its processes for accruing expenditure to ensure that only valid obligations are accrued.</p> | <p>A review of the accrual process will be undertaken during 2014/15 and this will enable a stricter policy to be implemented for the year-end annual accounts.</p> | <p>Head of Financial Services</p> | <p>May 2015</p> |

| Action plan point/page | Issue, risk and recommendation | Management action/response | Responsible officer | Target date |
|------------------------|--|--|--|-------------|
| 3/12 | <p>Move to new SGHs</p> <p>A major reconfiguration of service will take place when the new South Glasgow Hospitals open.</p> <p>Risk</p> <p>There are a number of risks associated with the move. These include</p> <ul style="list-style-type: none"> • Additional costs from the double running of hospitals • The impact on staff as they co-locate with other staff and new ways of working are introduced • The potential impact on performance. <p>Recommendation</p> <p>The board should ensure that communication channels are maintained with staff, double running should be kept to a minimum and that satisfactory performance monitoring processes are maintained and any impact on performance is subject to timely corrective action.</p> | <p>The Board has established a group tasked with overseeing all aspects of the move into New South Glasgow Hospitals. The “On the Move” project includes directors, managers and staff from a number of disciplines including Finance, Workforce Planning and Communications and regular updates are available in staff news magazines and team briefs. Work will shortly commence to identify and monitor double running costs.</p> | Chief Operating Officer /Director of Finance | June 2015 |

| Action plan point/page | Issue, risk and recommendation | Management action/response | Responsible officer | Target date |
|------------------------|--|---|---------------------|-------------|
| 4/13 | <p>Savings Target</p> <p>The delivery of the cost savings plan for 2014/15 and subsequent years will continue to remain challenging. £4.2 million of the 2014/15 savings target has not yet been identified.</p> <p>Risk</p> <p>Whilst the board is confident that it will be able to identify these further savings during 2014/15, there remains the risk that the required efficiency savings will not be achieved.</p> <p>Recommendation</p> <p>The board should ensure that formal plans are produced covering all the required savings for 2014/15.</p> | <p>The savings plan targets for 2014/15 and beyond will be extremely challenging but the Health Board will continue to monitor this area in line with previous years to ensure targets are achieved. Formal plans to secure the outstanding full year savings target will be in place by 31 March 2015.</p> | Director of Finance | March 2015 |

| Action plan point/page | Issue, risk and recommendation | Management action/response | Responsible officer | Target date |
|------------------------|---|--|---|-------------|
| 5/14 | <p>Agency workers</p> <p>Spending on agency/bank staff increased significantly (21%) in 2013/14. We recognise that the use of such staff provides flexibility to the care system and provides temporary cover for vacancies and staff absence.</p> <p>Risk</p> <p>Continued reliance on agency workers to this extent could have a significant impact on the cost and quality of care, jeopardising the board's plans to achieve the savings required for longer term sustainability.</p> <p>Recommendation</p> <p>The board should, along with workforce plans, continue to monitor the cost of agency staff and manage the requirement with a view to reducing their cost.</p> | <p>Agency costs represent around 1% of total staff costs and the Board aims to use agency staff only where it is essential and as a last resort if posts cannot be filled from extra part time hours or the internal staff bank.</p> <p>However, some medical vacancies are difficult to recruit to and can only be filled by agency staff until a substantive appointment is made. The Board will continue to monitor agency usage closely.</p> | Director of Human Resources / Operational Directors | March 2015 |

| Action plan point/page | Issue, risk and recommendation | Management action/response | Responsible officer | Target date |
|------------------------|---|---|------------------------|--|
| 6/19 | <p>Vale of Leven Hospital Inquiry</p> <p>The Vale of Leven Hospital Inquiry may be reaching a conclusion during 2014/15. Given the profile of this Inquiry it is essential that NHSGGC respond as soon as possible and take appropriate action.</p> <p>Risk</p> <p>There is a risk that the board does not respond and react timeously to the Inquiry findings especially given the other major service changes currently underway.</p> <p>Recommendation</p> <p>In anticipation of the publication of the Inquiry findings, the board should ensure it is able to take action as appropriate.</p> | <p>The Board will ensure there is an appropriate response to the Vale of Leven Inquiry findings when the final report is published.</p> | <p>Chief Executive</p> | <p>To be confirmed when report is published.</p> |

| Action plan point/page | Issue, risk and recommendation | Management action/response | Responsible officer | Target date |
|------------------------|--|---|---|-------------------|
| 7/21 | <p>Health and social care integration</p> <p>The integration of health and social care services in Scotland requires to be implemented from 1 April 2015.</p> <p>Risk</p> <p>There is the risk that the board and its local authority partners will not be fully prepared by 1 April 2015. This could adversely impact on service delivery.</p> <p>Recommendation</p> <p>The board should continue to work closely with its partners to prepare for this significant reform of health and social care services.</p> | <p>The Board continues to work closely with all 6 Local Authority partners to ensure appropriate arrangements are in place by April 2015. There is ongoing local engagement in respect of operational issues and the financial aspects of integration are being implemented as part of a collective process led by the 7 Finance Directors.</p> | <p>Chief Executive/Director of Corporate Planning & Policy (Board lead for Integration) & Director of Finance</p> | <p>April 2015</p> |

| Action plan point/page | Issue, risk and recommendation | Management action/response | Responsible officer | Target date |
|------------------------|---|--|--|-------------------|
| 8/21 | <p>Organisational review</p> <p>A major review of the organisation and its management structures is currently being undertaken as a result of the integration of health and social care services and the move to the new SGHs.</p> <p>Risk</p> <p>There is a risk of loss of experienced senior personnel and protracted uncertainty at a time of substantial change. This may impact on staff morale which may affect successful service delivery and achievement of performance targets.</p> <p>Recommendation</p> <p>The board should ensure that communication channels remain open with all staff during this turbulent period.</p> | <p>The Board acknowledges that this is a period of significant change and will aim to conclude the organisational review process quickly and with minimum impact on those senior staff likely to be impacted by the proposals.</p> | <p>Chief Executive / Director of Human Resources</p> | <p>March 2015</p> |

| Action plan point/page | Issue, risk and recommendation | Management action/response | Responsible officer | Target date |
|------------------------|--|--|---------------------------------------|-------------|
| 9/26 | <p>Performance against HEAT targets and standards</p> <p>The board did not achieve all its performance targets in 2013/14.</p> <p>Risk</p> <p>There is a risk that in a climate of reducing funding and competing priorities, performance targets are not achieved or maintained.</p> <p>Recommendation</p> <p>Monitor investment in new initiatives aimed at improving access targets and determine whether specific areas / specialties require more detailed scrutiny or additional actions to be taken.</p> | <p>Performance against targets will continue to be reviewed in detail at the Board's Quality & Performance Committee and any issues arising will be identified and action plans implemented to address them.</p> <p>Investment will be prioritised when the Board's financial plan for 2015/16 is developed.</p> | Chief Executive / Director of Finance | March 2015 |