

FTF Internal Audit Service

Annual Internal Audit Report 2022/23

Report No. A06/24

Issued To: C Cowan, Chief Executive
J McCusker, Chair

S Urquhart, Director of Finance
NHS Forth Valley Directors / Executive Leadership Team

K Mackenzie, Head of Policy and Performance
S Hamill, Board Secretary

Audit Follow-Up Co-ordinator

Audit & Risk Committee
External Audit

Contents

TABLE OF CONTENTS	Page
Section 1	
Introduction and Conclusion	3
Internal Control	4
Added Value	9
Internal Audit Cover	10
Performance against Service Specification	11
Staffing and Skill Mix	12
Section 2	
Detailed findings	13
Section 3	
Key Performance Indicators	62
Section 4	
Assessment of Risk	63
Section 5	
Follow up of previous recommendations	64

TABLE OF FIGURES	Page
Figure 1: Internal Audit Cover	10
Figure 2: Summary of Client Satisfaction Surveys	11
Figure 3: Audit Staff Skill Mix	12

Draft Report Issued	8 June 2023
Management Responses Received	13 June 2023
Target Audit & Risk Committee Date	20 June 2023
Final Report Issued without management responses	15 June 2023
Final Report Issued with responses	16 October 2023

INTRODUCTION AND CONCLUSION

1. This annual report to the Audit & Risk Committee provides details on the outcomes of the 2022/23 internal audit and my opinion on the Board's internal control framework for the financial year 2022/23.
2. Based on work undertaken throughout the year we have concluded that:

- The Board has adequate and effective internal controls in place;
- The 2022/23 Internal Audit Plan has been delivered in line with Public Sector Internal Audit Standards.

3. In addition, we have not advised management of any concerns around the following:

- Consistency of the Governance Statement with information that we are aware of from our work;
- The description of the processes adopted in reviewing the effectiveness of the system of internal control and how these are reflected;
- The format and content of the Governance Statement in relation to the relevant guidance;
- The disclosure of all relevant issues.

ACTION

4. The Audit & Risk Committee is asked to **note** this report in evaluating the internal control environment and **report** accordingly to the Board.

AUDIT SCOPE & OBJECTIVES

5. The Strategic and Annual Internal Audit Plans for 2022/23 incorporated the requirements of the NHSScotland Governance Statement and were based on a joint risk assessment by Internal Audit and the Director of Finance. The resultant audits range from risk based reviews of individual systems and controls through to the strategic governance and control environment.
6. The authority, role and objectives for Internal Audit are set out in Section 20 of the Board's Standing Financial Instructions and are consistent with Public Sector Internal Audit Standards.
7. Internal Audit is also required to provide the Audit & Risk Committee with an annual assurance statement on the adequacy and effectiveness of internal controls. The Audit & Assurance Committee Handbook states:

The Audit & Risk Committee should support the Accountable Officer and the Board by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of the financial statements and the annual report. The scope of the Committee's work should encompass all the assurance needs of the Accountable Officer and the Board. Within this the Committee should have particular engagement with the work of Internal Audit, risk management, the External Auditor, and financial management and reporting issues.

INTERNAL CONTROL

Previous recommendations

8. The Internal Control Evaluation (ICE), issued January 2023, was informed by detailed review of formal evidence sources including Board, Standing Committee, Executive Leadership Team (ELT), and other papers. The ICE noted actions to enhance governance and achieve transformation and concluded that NHS Forth Valley's assurance structures were adequate and effective and agreed ongoing improvement recommendations for implementation by management.
9. Recommendations identified in previous ICE and Annual Reports are set out in Section 5, together with a summary of progress. Internal Audit monitor progress with outstanding recommendations through the Audit Follow Up system and all management responses are validated. Progress continues to be reported to the ELT and to the Audit & Risk Committee.
10. NHS Forth Valley has demonstrated steady progress towards completion of several previous recommendations, with some not yet due. There has, however, been a reprioritisation of the revision of the Healthcare Strategy, which is more than a refresh, to take account of a very different operational environment post Covid, which has resulted in delays to its production. The Board has also confirmed a need to align supporting strategies, all of which will require considerable organisational focus and determination.
11. The 2023/24 ICE will provide an update on the remaining actions as well as providing an opinion on the efficacy of implementation of all agreed actions.
12. As well as following up previously agreed actions, we have completed testing to identify any material changes to the control environment in the period from the issue of the ICE to the year-end. Areas for further improvement were identified and will be followed up in the 2023/24 ICE.

Governance Statement and Conclusion

13. Throughout the year, our audits have provided assurance and made recommendations for improvements. Where applicable, our detailed findings have been included in the NHS Forth Valley 2022/23 Governance Statement.
14. All Executive Directors and Senior Managers were required to provide a statement confirming that adequate and effective internal controls and risk management arrangements were in place throughout the year across all areas of responsibility, with each completing an Internal Control Statement based on the Scottish Public Finance Manual. These assurances have been reviewed and no breaches of Standing Orders / Standing Financial Instructions were identified. Treatment Time Guarantee performance was highlighted in the Governance Statement.
15. For 2022/23, the Governance Statement format and guidance were included within the NHSScotland Annual Accounts Manual. Whilst Health and Social Care Integration is not specifically referenced, the guidance does make clear that the Governance Statement applies to the consolidated financial statements as a whole, which would therefore include activities under the direction of IJBs.
16. The Board has produced a Governance Statement which states that: *'During the previous financial year, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control. Attention is, however, drawn to the key risks reported to Forth Valley NHS Board during 2022/23 and in particular to the Treatment Time Guarantee underpinned by statute'*.

17. The Governance Statement describes the background to NHS Forth Valley's escalation to Stage 4 of the NHS Scotland Performance Escalation Framework for concerns relating to Governance, Leadership and Culture. It also references the role of the Clinical Governance Committee in ensuring arrangements to enable support for delivery of improvements Healthcare Improvement Scotland (HIS) inspections in April 2022 and September 2022. However, the Audit & Risk Committee may wish to consider whether these issues need to be highlighted more prominently within the disclosure section itself.
18. The Governance Statement reflects the Board governance and operating arrangements, and specifically governance arrangements around Stage 4 Escalation. It includes details of the Board performance profile and risk management arrangements, and the Board's priority to produce a realistic, achievable strategy, focusing on how NHS Forth Valley will deliver services in the post Covid environment and reflecting the financial and staffing challenges faced.
19. Our audit work has provided evidence of compliance with the requirements of the Accountable Officer Memorandum and this combined with a sound corporate governance framework in place within the Board throughout 2022/23, provides assurance for the Chief Executive as Accountable Officer.
20. Therefore, **it is my opinion** that:
 - The Board has adequate and effective internal controls in place
 - The Accountable Officer has implemented a governance framework in line with required guidance sufficient to discharge the responsibilities of this role.

Escalation Improvement Plan

21. On 23 November 2022 NHS Forth Valley was escalated to Stage 4 of the NHS Scotland Performance Escalation Framework. The Escalation status letter from the NHS Scotland Chief Operating Officer stated '*Concerns have been raised in relation to a range of performance-related issues, including concerns around GP out-of-hours services, unscheduled care, mental health and integration*'. The letter also referenced governance, although it did not highlight any specific areas of Corporate Governance which required improvement, and which would need to be taken into account within our annual report.
22. An initial Escalation Improvement Plan was approved by Forth Valley NHS Board on 19 December 2022 with version 2 of the plan approved on 28 March 2023. The 30 May 2023 Board was provided with a draft Measurement Framework to support the Escalation Improvement Plan, which focuses on the three domains of governance, leadership and culture, and the key priorities aligned to these.
23. Professor John Brown is leading an independent Governance Review based on the Blueprint for Good Governance (second edition), to assess the Board's arrangements and approach to governance, with a final report scheduled for end of June 2023.
24. A four phase culture and leadership programme is currently being implemented. The Programme provides an opportunity for NHS Forth Valley to better understand its culture using evidence based tools to inform the refresh of the Board's People Strategy and the Board's commitment to developing and supporting a compassionate, inclusive and collective leadership response to deliver culture change. The role of ELT, Area Partnership Forum and Area Clinical Forum in steering this work will be critical to the successful implementation of this significant programme.

25. A number of performance related concerns were highlighted in the Escalation letter issued by the Director General of Health & Social Care and CEO of NHS Scotland. These related to:
- GP Out of Hours (OOH) Services
 - Urgent & Unscheduled Care
 - Child & Adolescent Mental Health Services (CAMHS)
 - Psychological Therapies
 - Health and Social Care Integration
26. On the 23 March 2023 it was reported to the Assurance Board that assurance on Leadership & Culture actions will be considered by the Staff Governance Committee (SGC). The Clinical Governance Committee (CGC) will seek assurance on HIS and Out of Hours actions and outcomes, the Performance & Resources Committee (P&RC) will seek assurance on performance (Urgent & Unscheduled Care, CAMHS, Psychological Therapies and Integration) actions and outcomes. These responsibilities will need to be reflected in the Assurance Committee workplans.

Key Themes

27. Detailed findings are shown later in the report. Key themes emerging from this review and other audit work during the year are detailed in the following paragraphs.
28. A refreshed Healthcare Strategy was to have been completed by October 2022 but progress was impacted by system pressures. Following consultation, the final draft is due to be presented to the NHS Board in November 2023. The Healthcare Strategy is essential to long term sustainability in the face of significant demand, workforce and financial pressures in the coming years and will need to be realistic in the context of those pressures. Whilst the Scottish Government (SG) has set and recently reinforced a number of very challenging and not necessarily consistent national objectives; NHS Forth Valley must ensure that its own strategic objectives are deliverable within acceptable risk tolerances.
29. In the context of the extremely challenging external environment and the drive to deliver and demonstrate improved performance in response to Stage 4 escalation, the Board continues to drive forward a programme of improvements to governance. Building on the considerable work carried out to date, including implementation of a central committee support function, the successful embedding of robust governance structures, focused on fundamental objectives, will be reliant on a well developed, effective and efficient committee support function to ensure there is consistent, purposeful application of governance processes and principles.
30. Given the complexity and range of issues facing NHS Forth Valley and the need to manage a significant number of multifaceted improvements, the Board should be assured that the organisation has the necessary capacity and capability to deliver sustainable service change whilst improving performance, and that the Board and ELT have a rigorous focus on the most significant issues: monitoring progress, identifying, understanding and removing barriers and ensuring that lessons are learned and shared rapidly and widely. This will mean that less important issues will need to be de-prioritised and delegated.
31. In common with many Health Boards, NHS Forth Valley is finding achievement of national targets and improvements extremely challenging, because the majority of targets set by SG are no longer realistic in the current circumstances, albeit NHS Forth Valley has been performing well against the Scottish average in terms of scheduled care. For the 2022/23 year, Emergency Department

compliance against the 4 hour access target was 47.5% against the target of 95%, and this remains a key area of focus for improvement within Forth Valley. 31 day cancer performance was above target and 62 day cancer performance has remained steady throughout the year, although at 72.8% it remains below the 95% target. In mental health services NHS Forth Valley has received enhanced support by SG and has remained committed to addressing long waits and made good progress in both CAMHS and Psychological Therapies, however, focusing on addressing long waits impacts on the Referral to Treatment (RTT) 90% standard.

32. As was apparent in the 'Developing our Healthcare Strategy outline 2023 – 2028 paper' to the May 2023 Board, the planned Healthcare Strategy must set achievable, realistic targets against which performance can be measured, focusing on priority areas with a clear understanding of clinical risk. Operational performance post global pandemic has been difficult, and it is likely that the challenge will continue in the medium term until strategic solutions can be found, working in partnership with both Integration Joint Boards (IJBs), who are the strategic planning and commissioning bodies for those functions delegated in line with the Public Bodies (Joint Working) Scotland Act.
33. In order to allow effective performance management, reports should continue to identify where performance is below expectations and provide meaningful narrative on the underlying causes and barriers to achievement, proposed solutions and vitally, an objective, evidence based assessment including where available benchmarking data of the effectiveness of previous actions. This will need to be accompanied by a culture of rigorous but supportive challenge.
34. The Audit Scotland report 'NHS Scotland 2022', issued February 2023, stated that '*the NHS in Scotland faces significant and growing financial pressures. These include inflation; recurring pay pressures; ongoing Covid19 related costs; rising energy costs; a growing capital maintenance backlog; and the need to fund the proposed National Care Service. These pressures are making a financial position that was already difficult and has been exacerbated by the Covid19 pandemic, even more challenging. This could limit investment in recovery and reform*'. Previous internal audit reports have recorded similar concerns and highlighted the strategic changes required in order to address them.
35. When the Director of Finance presented the Financial Plan 2023/24 – 2025/26 the Board was informed of the magnitude of the savings required and for workforce and whole system redesign to address longer term financial sustainability, as a key feature in the work underway to develop a future Healthcare Strategy.
36. The Board in approving the Medium Term Financial Plan acknowledged the financial challenge of £40.6 million in 2023-24, mitigated by delivery of £25 million savings and other cost reduction measures resulting in a net deficit of £15.6 million in year 1. The Cost Improvement value and sustainability approach sets out a need for new solutions to ensure services are efficient, effective and sustainable going forward. NHS Forth Valley will need to ensure that it has the capacity and capability in place to identify, develop and implement these solutions whilst maintaining business as usual including grip and control.
37. We are aware that NHSScotland as a whole is predicting significant requirements for brokerage by 2025-2026 and that the SG has announced that it has a £1bn shortfall in 2023/24, rising to £1.9bn in future years. In these circumstances, NHS Forth Valley's current projected cumulative 3 year brokerage, at a total of £36m, is relatively modest compared to some other NHS Boards. While NHS Forth Valley is committed to avoiding brokerage, there is a risk that it will be necessary and the availability of any required level of funding may not be guaranteed. NHS Forth Valley may need to and will prepare contingency plans accordingly.

38. The Audit Scotland report 'NHS Scotland 2022' recognises workforce capacity as the biggest risk to the recovery of NHS services and highlights that the NHS Recovery Plan was not informed by robust modelling and there is a risk workforce targets will not be achieved. From our review of Board and SGC papers it is clear that NHS Forth Valley understands the volatile nature of the labour market, existing shortages and increased demand for staff. It essential that workforce planning effectively supports the achievement of the Board's operational, financial and strategic objectives. While our review of Workforce Planning concluded that this as yet was not currently the case, in response to our recommendations and to SG feedback, steps have been taken to enhance the Workforce Plan and the action plan is being actively monitored through the SGC.
39. NHS Forth Valley has also identified risks related to staff wellbeing, high levels of sickness absence and has agreed targets for both 'essential' training compliance and appraisal, all of which must be carefully managed with effective monitoring by the SGC. Our audit work, as summarised within the Staff Governance section of this report, concluded that robust SGC arrangements are not yet in place, with improvements in the administration of the SGC scheduled to be completed by September 2023.

Key developments

40. Key developments during 2022/23 included:
- Board approval of the:
 - Code of Corporate Governance
 - Corporate Plan and Corporate Objectives
 - Workforce Plan 2022 - 2025
 - Financial Plan 2023/24 - 2026/27
 - Strategic Workforce Wellbeing Plan 2022 - 2025
 - Innovation Plan 2022 - 2027
 - Risk Management Strategy 2022 - 2025
 - Major Incident Plan
 - Best Value Framework
 - ELT approval of the Compassionate Leadership and Culture Change Programme Plan 2023-2024 in February 2023.
 - The proposed approach to Risk Appetite was presented to a Board Seminar in August 2022 prior to endorsement by the Assurance Committees and is outlined in the Risk Management Strategy.
 - Work has been ongoing to update the risk matrix prior to the proposed approval of Risk Appetite by the Audit and Risk Committee in June and Board in July 2023 and next we would expect to see Risk Appetite and Tolerance statements that outline the implications for risk escalation and risk treatment and control.
 - The Clackmannanshire and Stirling Strategic Commissioning Plan 2023 - 2033 and the Falkirk Strategic Plan 2023 - 2026 have been published.
 - A revised Committee Structure was introduced in 2022/2023.
 - NHS Forth Valley Board approved establishment of an Anchor Board to direct and oversee key Anchor activities.

- A unique partnership between the Board and University (University Hospital status as illustrated in other NHS Boards) also included the local College. This Partnership intends to work closely with Community Planning Partners notably Local Authority colleagues to support local training and/or employment opportunities.

AUDIT OUTPUT

41. During 2022/23 we delivered 23 audit products with two currently at draft report stage. Work is progressing on the three remaining reviews. These audits reviewed the systems of financial and management control operating within the Board and the IJBs.
42. Our 2022/23 audits of the various financial and business systems provided opinions on the adequacy of controls in these areas. Summarised findings or the full report for each review were presented to the Audit & Risk Committee throughout the year.
43. A number of our reports, including the ICE, have been wide ranging and complex audits and have relevance to a wide range of areas within NHS Forth Valley. These have provided the basis for discussion around how NHS Forth Valley can best build on the very good work already being done to improve and sustain good governance and service provision.
44. Board management continue to respond positively to our findings and action plans have been agreed to improve the systems of control.

ADDED VALUE

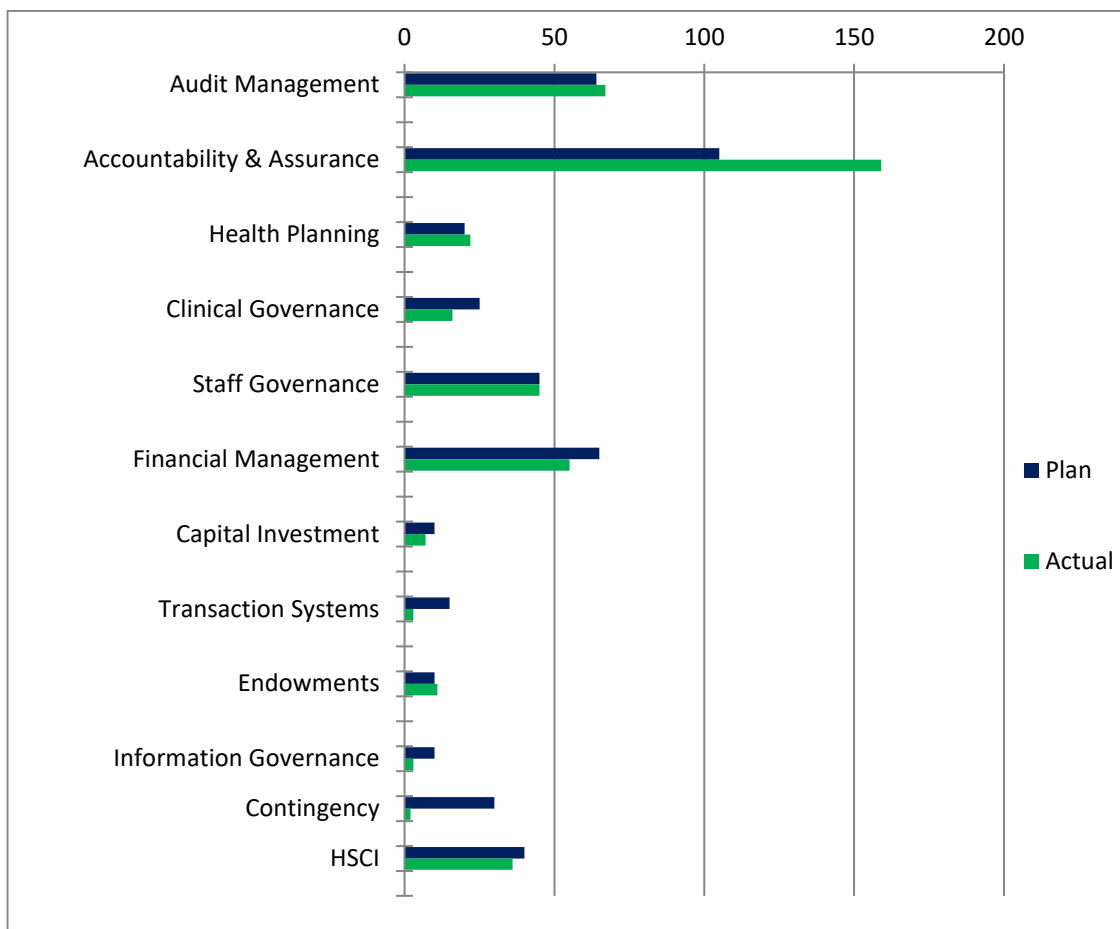
45. The Internal Audit Service has been responsive to the needs of the Board and has assisted the Board and added value by:
 - Examining a wide range of controls in place across the organisation.
 - Departmental reviews of the Out of Hours and Estates departments completed.
 - At the request of Management, completion of reviews of action taken to address recommendations from an external review of the Emergency Department and in response to HIS inspection requirements.
 - In conjunction with Local Authority Internal Auditors, undertaking IJB internal audits and providing a Chief Internal Auditor Service for Falkirk IJB.
 - Updating and enhancing the IJB Governance Statement self assessment checklist.
 - Chief Internal Auditor and Regional Audit Manager in liaison with the Director of Finance and other Directors, on issues of governance, risk, control, and assurance.
 - The Chief Internal Auditor has continued to lead the Assurance Mapping Group, which coordinates consideration of assurance issues and updates, dissemination and implementation of the Committee Assurance Principles across NHS Fife, Forth Valley, Tayside and Lanarkshire.
 - Highlighting national governance developments with relevance to NHS Forth Valley.
 - Continued promulgation of and advice on the use of the Committee Assurance Principles.
 - Providing opinion on and evidence in support of the Governance Statement at year-end and conducting an extensive ICE which permitted remedial action to be taken in-year. This review made recommendations focused on enhancements to ensure NHS Forth Valley has in place

appropriate and proportionate governance, which supports and monitors the delivery of objectives and is commensurate with the challenging environment within which it is operating.

- Provision of the Deputy Fraud Liaison Officer function for NHS Forth Valley.
46. Internal Audit have reflected on our working practices, both to build on action taken in response to previous External Quality Reviews and to adapt to a post Covid19 environment. This has included development of the FTF website.
 47. The 2022/23 Annual Internal Audit Plan included provision for delivering audit services, together with council colleagues, and providing the Chief Internal Auditor function to Falkirk Integrated Joint Board. Internal Audit Plans were agreed for each IJB. Internal Audit has continued to highlight the importance of maintaining momentum to clear long-standing issues with all partners, the requirement for coherence between governance structures, performance management, risk management and, in particular, assurance to improve IJBs’ ability to monitor the achievement of strategic objectives.

INTERNAL AUDIT COVER

48. Figure 1: Internal Audit Cover 2022/23



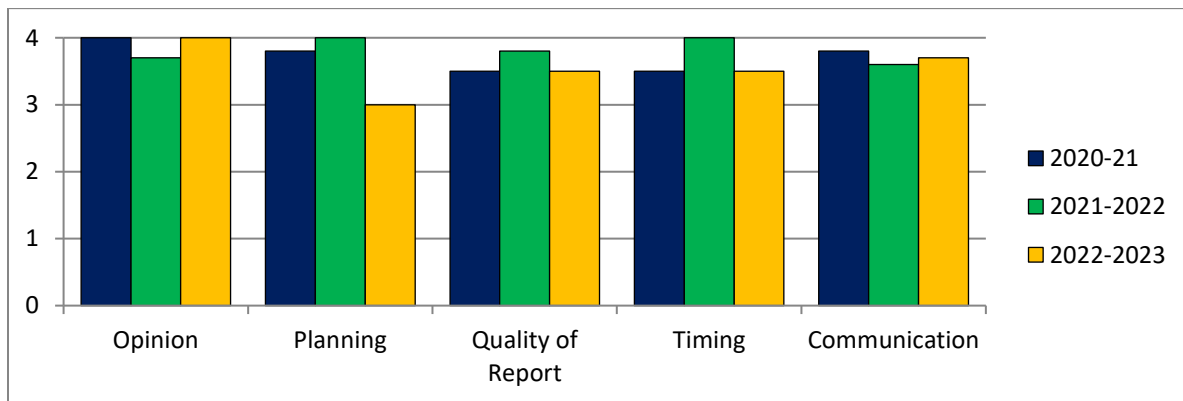
- 49. Figure 1 summarises the 2022/23 outturn position against the planned internal audit cover. The initial Annual Internal Audit Plan was approved by the Audit & Risk Committee at its meeting on 22 June 2022. We delivered 426 of the 439 planned days for 2022/23.
- 50. A summary of 2022/23 performance is shown in Section 3.

PERFORMANCE AGAINST THE SERVICE SPECIFICATION AND PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)

- 51. The FTF Partnership Board met in March 2023 and the 2023/24 budget was approved. The Partnership Board is chaired by the NHS Tayside Director of Finance and the FTF Client Directors of Finance are members. The FTF Management Team members are attendees.
- 52. We have designed protocols for the proper conduct of the audit work at the Board to ensure compliance with the specification and the Public Sector Internal Audit Standards.
- 53. Internal Audit is compliant with Public Sector Internal Audit Standards, and has organisational independence as defined by Public Sector Internal Audit Standards, except that, in common with many NHSScotland bodies, the Chief Internal Auditor reports through the Director of Finance rather than the Accountable Officer. There are no impairments to independence or objectivity.
- 54. Internal and External Audit liaise closely to ensure that the audit work undertaken in the Board fulfils both regulatory and legislative requirements. Both sets of auditors are committed to avoiding duplication and securing the maximum value from the Board’s investment in audit.
- 55. Public Sector Internal Audit Standards require an independent external assessment of internal audit functions once every five years. The most recent External Quality Assessment (EQA) of the NHS Forth Valley Internal Audit Service in 2018/19 concluded that *‘it is my opinion that the FTF Internal Audit service for Fife and Forth Valley generally conforms with the PSIAS.’* A further EQA is due to take place in 2023/24.
- 56. A key measure of the quality and effectiveness of the audits is the Board responses to our client satisfaction surveys, which are sent to line managers following the issue of each audit report. Figure 2 shows that, overall, our audits have been perceived as good or very good by the report recipients.

57. Figure 2: Summary of Client Satisfaction Surveys

Scoring: 1 = poor, 2 = fair, 3= good, 4 = very good.



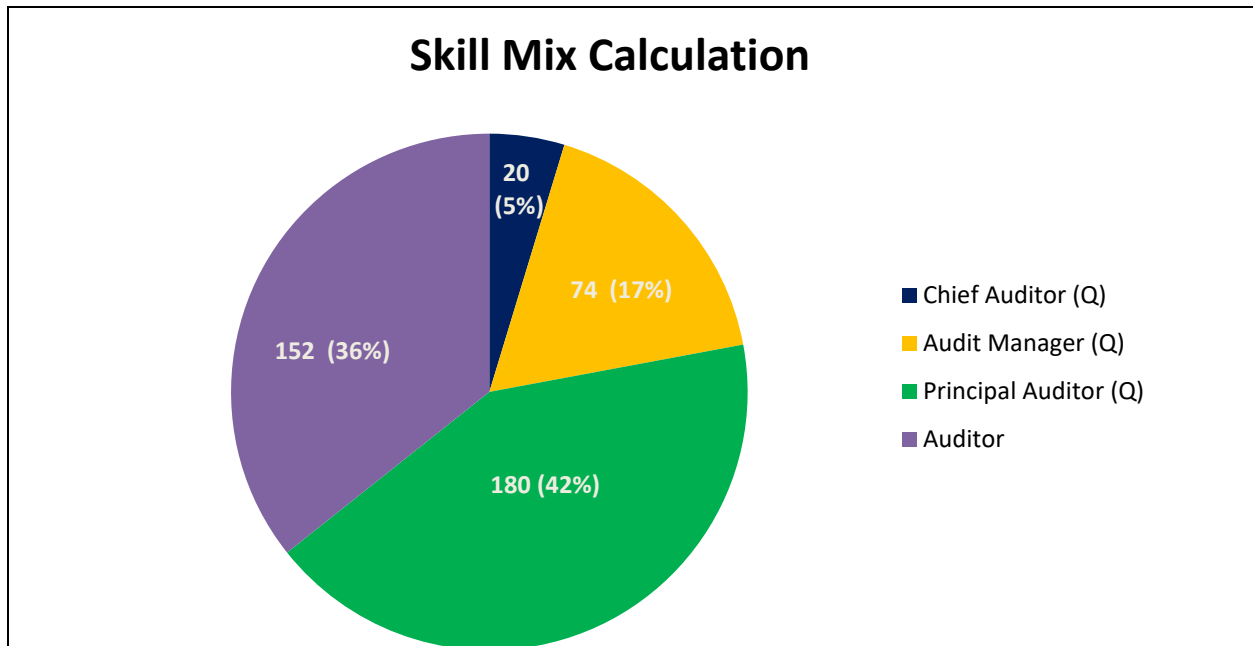
- 58. Other detailed performance statistics are shown in Section 3.

STAFFING AND SKILL MIX

59. Figure 3 below provides an analysis, by staff grade and qualification, of our time. In 2022/23 the audit was delivered with a skill mix of 64%, which substantially exceeds the minimum service specification requirement of 50% and reflects the complexities of the work undertaken during the year.

60. **Figure 3: Audit Staff Skill Mix 2022/23**

Audit Staff Inputs in 2022/23[days] Q= qualified input.



ACKNOWLEDGEMENT

61. On behalf of the Internal Audit Service, I would like to take this opportunity to thank all members of staff within the Board for the help and co-operation extended to Internal Audit.

62. My team and I have greatly appreciated the positive support of the Chief Executive, Director of Finance, the Deputy Director of Finance, the Head of Policy and Performance and the Audit & Risk Committee throughout the year and throughout my tenure as Chief Internal Auditor.

A Gaskin, BSc. ACA
Chief Internal Auditor

Corporate Governance

Strategic Risks

SRR014: Healthcare Strategy: Current score: 15 Target score: 9

If the planned review of the NHS Forth Valley Healthcare Strategy (2016-2021) does not incorporate learning from the Covid19 pandemic and does not align with government policy and / or Integration Authorities Strategic Commissioning Plans there is a risk the Board's vision, corporate objectives and key priorities will be incorrect, resulting in services that are not sustainable in the long term and an inability to deliver transformation.

Escalation

Following NHS Forth Valley's escalation to Stage 4 of the NHS Scotland Performance Escalation Framework on 23 November 2022, the December 2022 Board approved the approach to the development and delivery of NHS Forth Valley's Escalation Improvement Plan to strengthen leadership, governance, and culture, and the accompanying governance arrangements.

An Assurance Board was established by SG to drive forward the changes and improvements required across the organisation and provide formal oversight, SG co-ordinated engagement and focus and direction. It met seven times in 2022/23 and is chaired by the SG Director of Population Health. An escalation risk assessment was shared with the ELT and the Escalation P&RC in March to 2023.

An Escalation Programme Board, led by the Chief Executive, identifies improvement, monitors and reports delivery, and reports to the Escalation P&RC. Minutes of the Escalation P&RC were presented to Board on 30 May 2023.

The Board approved version 2 of the Escalation Improvement Plan on 28 March 2023 and the 30 May 2023 Board was provided with proposed Measurement Framework metrics to support the Escalation Improvement Plan, which centres around three key priorities:

- Putting patients first.
- Supporting staff.
- Working in partnership.

The Measurement Framework will focus on the three domains of governance, leadership, and culture, with the key priorities aligned to these. Metrics providing evidence and giving assurance that improvements and/or corrective actions are being taken to support sustained improved performance.

On the 23 March 2023 it was reported to the Assurance Board that actions and assurance against Leadership & Culture will now be considered by the SGC, HIS and Out of Hours actions and outcomes will be considered by the CGC and Urgent & Unscheduled Care, CAMHS, Psychological Therapies and Integration actions and outcomes considered by the P&RC.

Our 2023/24 internal audit of the Stage 4 Escalation Improvement Plan will review NHS Forth Valley's response to escalation, with a particular focus on the Compassionate Leadership and Culture Change Plan 2023-24.

HIS Review

Following an unannounced inspection visit to Forth Valley Royal Hospital in April 2022, HIS issued a report on 22 June 2022 which made nine recommendations and escalated concerns to SG. NHS Forth Valley

submitted an action plan to address these issues. A follow up visit took place on 27 and 28 September 2022 to assess progress and on 5 December 2022 HIS published their 'Unannounced Follow up Inspection Report Acute Hospital Safe Delivery of Care Inspection'. In response to further serious concerns identified from this follow-up inspection and lack of progress with previous recommendations, HIS again escalated concerns about safety and quality of care at Forth Valley Royal Hospital to SG.

On 30 May 2023 the Board was provided with an update on the progress to address recommendations from the HIS report, including the 18 week Improvement Plan, and the Out of Hours Improvement Action Plan.

HIS related actions are considered by the Escalation Improvement Plan Oversight Group and monitored by the CGC. A summary of progress with recommendations from internal audit A14a/23 - Review of Organisational Response to HIS Reports, issued on 22 March 2023, is included in the Clinical Governance section of this report.

Blueprint for Good Governance and ongoing Governance Review

As part of the escalation process, Professor John Brown has been appointed to undertake an assessment of the Board's governance arrangements and approach, against the requirements of the Blueprint for Good Governance (second edition).

Professor Brown led a Board seminar on 14 February 2023, with a focus on the Blueprint and how it supported good governance. Work to implement the key components of the Assurance Framework set out in the Blueprint is ongoing, as is work to develop an integrated and hierarchical approach to reporting performance data through the Directorate and Partnership Performance Management Reviews (see Performance section below).

NHS Forth Valley continues to invest in a focussed programme to improve governance structures and processes. We commend this ongoing improvement including the use of the standard report template and accompanying guidance, establishment of Forward Planners and Action Logs. Two Corporate Services Assistants are working to develop their roles to support the Assurance Committees and utilise a schedule detailing meeting dates, agenda approval, request for papers and distribution of paper requirements. These improvements will be rolled out to all Assurance Committees to ensure best practice, including more formal timetables to ensure papers are distributed in advance of meetings in line with the move to issue papers 5 days ahead of meetings instead of 3 days, as required by the Code of Corporate Governance. At Action Point 1 we have suggested some further enhancements to those already implemented.

Corporate Objectives

The Corporate Objectives and Corporate Plan 2023/24 were approved by Forth Valley NHS Board on 28 March 2023. Two new objectives relating to building systems and processes to direct, control and improve the authorising and operating environments and supporting broader social and economic development were introduced. NHS Forth Valley has a minimum Objective and Personal Development Plan compliance target of 75% and the Chief Executive's objectives were shared with the ELT on 22 May 2023 and with the Corporate Management Team on 8 June, demonstrating linkages to corporate objectives and to ELT / Senior Manager objectives.

The Corporate Plan 2023/24 provides a connection between national and local context bringing together the Government's ambition and NHS Forth Valley's response to what has been agreed as key priorities for 2023/24. These priorities will be set out in the Annual Delivery Plan (ADP) which will be submitted to Scottish Government in June 2023. The Medium Term Plan is due for submission to SG by 7 July 2023.

An update on the Code of Corporate Governance, provided to the March 2023 Board meeting, noted that the annual update of the Code should be deferred to July 2023, to allow incorporation of any relevant findings from the review of governance led by Professor Brown, this was supported. It also reported that Assurance Committees were reviewing their Terms of Reference to ensure accuracy.

Board and Assurance Committee Annual Reports

All the main Assurance Committees' draft annual reports presented to the 30 May 2023 Board were broadly in line with the FTF Committee Assurance Principles and the content covered the issues we would expect to see highlighted. The Remuneration Committee annual report is not presented to Board due to the confidential nature of discussions, but the Annual Reports & Assurance Statements summary, to be reported to the 20 June 2023 Audit & Risk Committee confirmed that all Annual Reports concluded that the Committees had adequate and effective arrangements in place and that they had fulfilled their remits. Committee Annual Reports, Directors Statements and the Governance Statement are consistent in content. As in previous years, we identified some Committees that report to Assurance Committees where their Annual Reports were not available to inform the Assurance Committees Annual Reports. These are reported in the relevant section of narrative.

Strategy Development

A Healthcare Strategy should be a key enabler of financial sustainability, with an emphasis on early intervention and prevention of ill health. Strategy principles developed by Internal Audit reflect the essential requirement for the Board to be assured on how benefits will be measured, lessons learned, and risks managed, given the resources applied to the work and its importance in improving future efficiency, operational performance and delivery of key objectives.

The Chief Executive presented a 'Draft Healthcare Strategy - Outline' paper to the 31 May 2023 Board meeting which outlined the approach to developing the Strategy, linked to the corporate objectives and with a strong focus on engagement and culture change. The paper also set out the links to the IJB Strategic Commissioning Plans.

Development and engagement will take place from June to September 2023 with feedback reviewed during August and September 2023 along with information already gathered from other sources, including incident reports, to identify key themes and issues which will inform the development of the new Healthcare Strategy as well as a Culture Change Plan, as described in the Healthcare Strategy Outline paper.

A Communication Plan to support the development of the Strategy will be presented to ELT in June 2023. A final Healthcare Strategy draft is scheduled to be presented to the Board for approval in November 2023.

Internal audit A14/22 on Strategic Planning provided a summary of progress to develop the new Healthcare Strategy and made recommendations to ensure the Strategy development and implementation process is robust. We emphasised the need for a clear timetable of when products will come to Board and the necessity of discussion to identify areas for reprioritisation or redesign, which will be difficult given the current operating environment post pandemic. The audit also made recommendations for developing monitoring arrangements for the new Strategy.

The process for identifying these and agreeing any areas which are not for consideration as part of this process will need to be fully articulated.

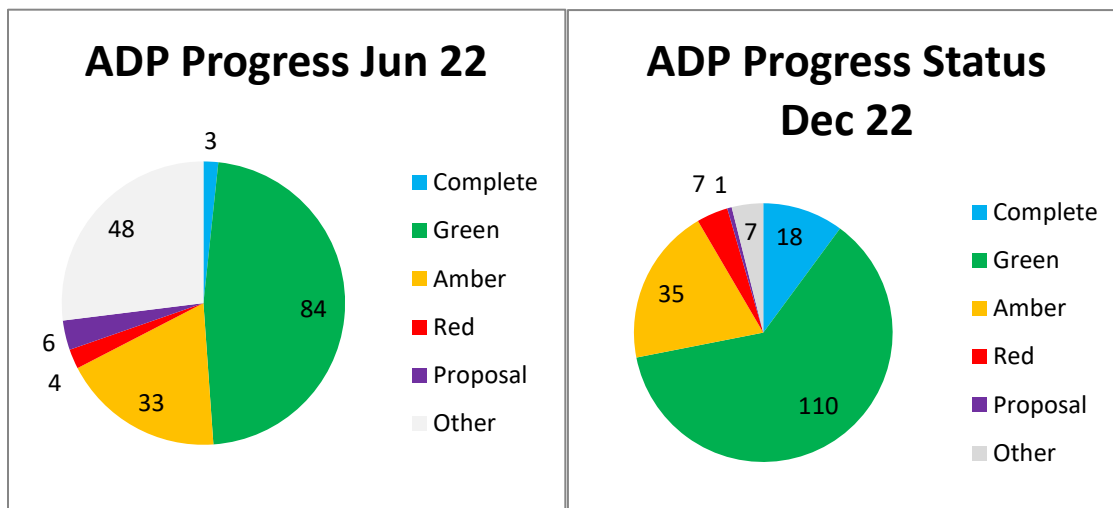
Anchor Institution

In March 2023 the Board was provided with an update on Anchor activity and Community Planning. The first Anchor Board on 13 December 2022 endorsed their Terms of Reference and the Board will develop an Anchor Strategic Plan to set direction, including local priorities, and monitor and describe the Board’s ongoing commitment to community planning.

Performance

Annual Delivery Plan (ADP)

The ADP 2022-23 was produced in line with the SG guidance and timetable, and was presented to the NHS Board on 29 November 2022, following submission to the SG on 5 August 2022. Quarterly progress updates are submitted to SG and the quarterly updates were appended to the Performance Scorecard reports presented to P&RC. Progress against the key deliverables at June 2022 and December 2022 is below:



Definitions:

- Proposal - New project, funding not yet agreed.
- Red - Unlikely to complete on time/meet target.
- Amber - At risk - requires action.
- Green - On Track.
- Complete - Complete/ Target met.
- Other - paused or new action. Several actions live at December 2022 were not live at June 2022.

The guidance for ADP 2023/24 and Medium-Term Plan 2023-26 was received from the SG on 28 February 2023 and contained a significant number of priorities but did not identify any areas for deprioritisation. It is not clear that the priorities set out are all achievable in the context of the operational and other pressures faced by Boards across NHSScotland. NHS Forth Valley will need to consider carefully how it will balance these competing demands, especially given the focus on achieving financial and workforce sustainability.

The guidance provides a summary of a number of strategic level programmes contributing to the planning guidance and commits to progressing a refreshed NHS Delivery and Outcomes Framework in collaboration with NHS Boards during 2023/24. In addition, the SG re-iterated its intention to better align workforce planning and financial planning with delivery planning although, as noted above, there was no reference to areas for deprioritisation, which would free up resources to be moved to identified priority areas.

The Head of Planning is currently working with ELT and CMT members and their teams to achieve submission of the ADP by 8 June and the Medium Term Plan (MTP) by 7 July 2023. The ADP and MTP will be presented to the NHS Board in July 2023 for final approval, following SG feedback.

Following the SG Mid-year Review on 14 March 2023, SG feedback was presented to the 30 May 2023 Board. Discussions focussed on escalation, finance, workforce, service pressures and performance in Board priority areas and key points included:

- Escalation - importance of changes being achieved within agreed timeframes.
- Finance - risk associated with delivery of recurring savings and alignment with the healthcare and people strategies.
- Workforce - impact of staffing pressures including on admission and discharge from acute settings.
- Winter - Assurances that good practice and lessons learned have been embedded.
- Unscheduled Care & Delayed Discharge - engagement with national unscheduled care programmes of work acknowledged and requirement to substantially address current level of system wide performance using the 4-hr Emergency Access standard as a proxy and priority.
- Planned Care Waiting Times - continuing commitment to sustained improvement in elective waiting times performance.
- Cancer Waiting Times - 31-day waiting time target achieved and key target areas for improvement in specific specialties notably Urology were identified to meet and maintain the 62-day target.
- Mental Health Waiting Times - noted the delivery in achieving improvement to address long waits however this impacts adversely and temporarily on the RTT performance. Latest quarterly performance for CAMHS was 38.0%. Achievement of the 90% target for Psychological Therapies with latest quarterly performance of 74% remains challenging with staffing a limiting factor.
- National Drugs Mission - Good performance in implementing Medication Assisted Treatment (MAT) standards.
- Local Strategy - The importance of learning from the pandemic, ensuring innovation and meaningful engagement were noted. Ongoing effective relationships with the Area Clinical Forum and Area Partnership Forum also noted.

NHS Forth Valley's performance during 2022/23 is detailed below and we have included targets and the NHSScotland position (most recent data point which may not be strictly comparable, where available):

MEASURE	DATE	MAR-22	MAR-23	TARGET	Scotland Position
UNSCHEDULED CARE					
Emergency Department % compliance against 4 hour access target	Apr-22 – Mar-23	64.4%	47.5%	95%	64.5% (end of Mar 23)
NHS Forth Valley Overall % compliance against 4 hour target	Apr-22 – Mar-23	73.8%	61.7%	95%	68% (end of Mar 23)

Section 2

Detailed Findings

Minor Injuries Unit % compliance against 4 hour target	Apr-22 – Mar-23	99.7%	99.7%	95%	-
OUTPATIENTS					
Total Number of New Outpatients Waiting (Month)	31-Mar-23	16,138	18,887	Reduction	-
Number of New Outpatients waiting over 12 weeks (Month)	31-Mar-23	6,587	7,699	Reduction	-
Compliance with agreed remobilisation activity plan trajectory	Apr-22 – Mar-23	97%	87%	-	-
DIAGNOSTICS					
Percentage waiting less than 42 days - Imaging (Month)	31-Mar-23	56.2%	82.2%	100%	48.5% (end of Dec 22)
Number waiting beyond 42 days - Imaging (Month)	31-Mar-23	2812	767	0	-
Compliance with agreed remobilisation activity plan trajectory	Apr-22 – Mar-23	107%	115%	-	-
Percentage waiting less than 42 days - Endoscopy (Month)	31-Mar-23	59.2%	67.7%	100%	37.1% (end of Dec 22)
Number waiting beyond 42 days - Endoscopy (Month)	31-Mar-23	206	190	0	-
Compliance with agreed remobilisation activity plan trajectory	Apr-22 – Mar-23	109%	108%	-	-
CANCER					
62 Day Cancer Target - Percentage compliance against target (Quarterly)	31-Mar-23	72.8%	70.2%	95%	68.3% (end of Mar 23)
31 Day Cancer Target - Percentage compliance against target (Quarterly)	31-Mar-23	98.1%	99.3%	95%	93.6% (end of Mar 23)
INPATIENTS					
Total Number of Inpatients/Day cases Waiting (Month)	31-Mar-23	3,921	4,372	Reduction	-
Number of Inpatients/Day cases waiting over 12 weeks (Month)	31-Mar-23	1,649	2,193	Reduction	-
Compliance with agreed remobilisation activity plan trajectory	Apr-22 – Mar-23	83%	81%	-	-
MENTAL HEALTH					
Psychological Therapies - 18 week RTT compliance (Monthly)	31-Mar-23	80.0%	78.2%	90%	-
Psychological Therapies - 18 week RTT compliance (Quarterly)	31-Dec-2022	69.2%	**71.1%	90%	81.1% (end Dec 22)
Child & Adolescent Mental Health Services - 18 week RTT compliance (Monthly)	31-Mar-23	73.7%	46.0%	90%	-
Child & Adolescent Mental Health Services - 18 week RTT compliance (Quarterly)	31-Dec-2022	67.2%	**38%	90%	70.1% (end Dec 22)
**March figure awaited					

In addition to the performance data in the table above key performance issues reported to Board on 30 May 2023 included:

- Compliance against Emergency Department 4 hour target at end of April 2023 was 50.2% against the target of 95%.
- Emergency Department number of patients who waited more than 8 hours reduced from 1,209 at end of March to 861 at the end of April 2023.
- Emergency Department number of patients who waited more than 12 hours reduced from 482 at end of March to 292 at end of April 2023.

In relation to these figures, we would highlight recent research which made a direct link between long Emergency Department waits and increased mortality.

Performance is reported to Board and P&RC through the Performance Scorecard. Since April 2023 the ELT have received detailed performance updates for poorly performing areas, for example, Psychological Therapies, Urgent & Unscheduled Care and CAMHS. Reports include key areas of focus, actions, barriers to delivery, and milestones / slippage or changes to timescales.

A new Performance Management Framework was discussed in detail at the 22 May 2023 ELT and will be presented to P&RC for approval. The purpose of the Framework is to allow Board members and other officers to understand and monitor the Board's achievements against patient and staff experience, finance, and operational performance, and to enable appropriate action and support to be taken when performance against set standards/targets deteriorates.

A key part of this framework is Directorate and Partnership Performance Management Reviews (PMRs) and learning from three pilots of these in Women & Children, Specialist Mental Health and Learning Disabilities and Acute Services informed ELT discussion. Additional work to widen the coverage of the Performance Framework will be led by the Director of Finance through a Short Life Working Group.

PMRs will take place twice annually (or more frequently on exception) and will provide an opportunity to reflect on the achievement of strategic aims and corporate objectives whilst considering risks and issues. Risk escalation and performance information flow was set out within an Internal Governance Reporting and Escalations Arrangements diagram.

Leadership and Culture

The Compassionate Leadership and Culture Change Programme Plan 2023/2024 was approved by ELT on 8 February 2023 and the Culture Change and Compassionate Leadership Programme was launched on 3 April 2023. A long term implementation plan has been agreed and an Organisational Development Programme Director has been appointed a 12-month basis (takes up post in July) to direct, co-ordinate and oversee the Leadership and Culture Programme.

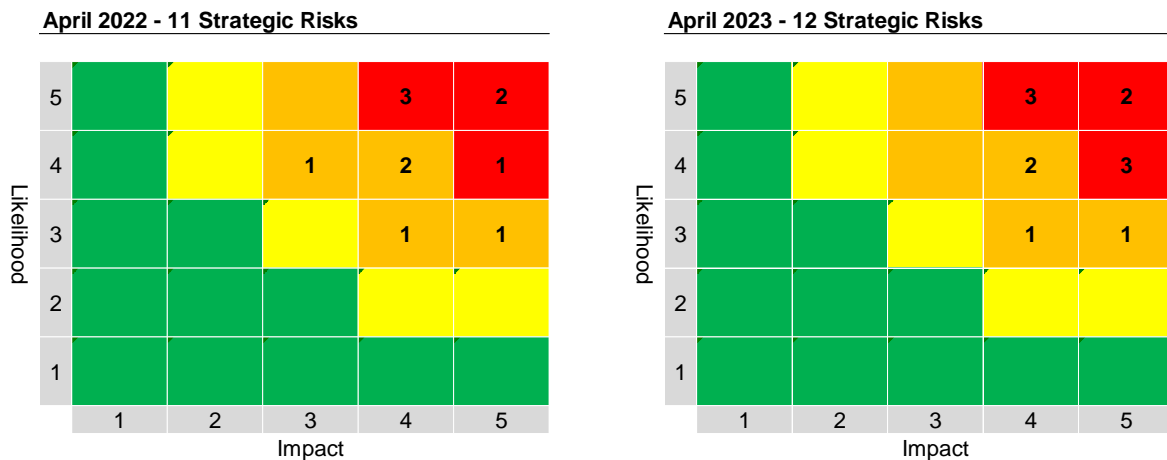
Capacity

A Programme Director from NHS National Shared Services Programme Services took up post on 20 March 2023 to support escalation assurance arrangements. Transfer of pan Forth Valley e.g., primary care including Out of Hours, and Specialist Mental & Learning Disability Health services, staff, and budget responsibilities, was also supported by further investment in additional management capacity for Lead HSCPs delivering pan Forth Valley services. At Board level the appointment of a Deputy to the Chief Executive will support the Chief Executive and Board's renewed commitment to invest in long term sustainable reform that improves the experience of patients and staff.

Best Value Framework

The Best Value Framework 2022 was noted by the Board on 31 January 2023, following approval by the Audit & Risk Committee on 24 January 2023. Board members acknowledged the many examples in each of the themes, outcomes and supporting evidence to demonstrate compliance with Best Value arrangements.

Risk Management



The Strategic Risk Register (SRR) continues to be presented to the NHS Board quarterly and to each Assurance Committee meeting. The quarter 4 SRR update to the P&RC on 23 April 2023 reported a risk profile of 12 strategic risks, 7 were assessed as very high with the other 5 classed as high risk.

During the year strategic risk deep dives were undertaken for the following risks:

- SRR015 Cyber Resilience: 20 December 2022 P&RC - Reasonable Assurance.
- SRR002 Urgent and Unscheduled Care: 21 February 2023 Clinical Governance Committee - Reasonable Assurance.
- SRR009 Workforce Plans: 17 March 2023 Staff Governance Committee - Limited Assurance.
- SRR005 Financial Sustainability: 28 April 2023 P&RC - Reasonable Assurance for internal control environment and Limited Assurance for external factors.
- SRR016 Out of Hours: 23 May 2023 Clinical Governance Committee - Reasonable Assurance

The deep dive reports include a controls assurance statement that details first, second and third line of defence assurance activity for each current control, the control assurance and effectiveness rating and a control gap analysis. Each deep dive report highlights key messages, provides context around the risk and a cause and impact analysis. The detailed risk section of the report includes a trajectory for achievement of target score, commentary of what success would look like, decisions / approval / funding required to meet target score, controls assessment and a recommended level of assurance.

A significant amount of good work has been progressed around management of risk. Achievement of the target score for strategic risks remains challenging, reflecting vulnerability to external constraints. For risks that have undergone a deep dive, a trajectory over time has been agreed, to allow progress in mitigating risk to be measured and this does appear to be adding value in terms of the understanding and scoring of risks, making this a welcome development.

Following approval of the framework for risk appetite, consultation took place to set and agree the risk appetite and tolerance levels for each of the categories in the risk assessment matrix, with presentations made to ELT in September and December 2022, and to the Board Seminar in February 2023. It was agreed that some changes should be made to the risk assessment matrix itself before final approval of risk appetite. A short life working group has been set up to discuss and agree the matrix, with a view to approval of the risk appetite levels by Audit & Risk Committee in June 2023 and Board in July 2023.

Audit Follow Up (AFU)

Internal Audit reports to the Audit & Risk Committee on the Audit Follow Up system. Reports were provided to the Audit & Risk Committee in October, January, March and June 2023 and the reporting format has been enhanced throughout the year. The AFU Protocol was updated to include the requirements of the Blueprint for Governance and to strengthen escalation processes where action to address internal audit recommendations is delayed. Overall, response to Internal Audit recommendations has been positive, with Section 5 of this report summarising the current position on previous internal audit ICE and annual report recommendations.

Integration

The Clackmannanshire & Stirling IJB internal audit annual assurance report 2022/23 is not yet available. The Falkirk IJB Internal Audit annual report 2022/23 made five significant and two moderate recommendations and will be presented to the Falkirk IJB Audit Committee on 26 June 2023.

Lead HSCP arrangements were approved by the Integration Joint Boards (IJBs) and the NHS Board in November 2022 with a commitment to further invest in management capacity. Operational management/delivery and therefore the performance of these services will remain the responsibility of the NHS Board whilst being managed by the HSCP and commissioned by each of the IJBs.

A shared strategic narrative by Local Authority and NHS Chief Executives and Chief Officers (referred to as collective leadership ambition) has been agreed to signal a renewed ambition for system leaders to *'work collaboratively and create a culture to improve health and wellbeing and outcomes across our communities and in doing so become a sector leading, responsive, and innovative integrated system'*.

The Integration escalation improvement actions have been progressed and a decision-making matrix to provide a governance framework across the NHS Board and IJBs, aligned to the Scheme of Delegation, has been agreed.

As part of escalation processes and in response to concerns on completion of integration of health and social care and performance related issues, notably in GP and Primary Care Out of Hours service, and specialist mental health services. Terms of Reference for an external review of Health & Social Care Assessment, Support & Improvement have been approved and whole system improvement support is now in place.

The review will be used to inform the review of the planned Integration Schemes, due in 2023/24 and will include:

- Assessment of integration arrangements in Forth Valley with a particular focus on the NHS Board and implementation of the Public Bodies Act 2014 as per the approved Integration Schemes.
- Re-assessment of the Ministerial Steering Group (MSG) integration principles to identify areas of strength, weakness and future opportunities to enhance collaborative working in health care, and the wider public sector.

IJB minutes were provided to the NHS Board. In response to a recommendation from our 2021/22 Annual Internal Audit Report, the first of two bi-annual updates from Falkirk IJB was presented to the NHS Board in March 2023, but did not provide an assessed level of assurance.

A Clackmannanshire and Stirling IJB update was presented on 30 May 2023 and provided Limited Assurance, reflecting risks around an inability to achieve and maintain financial sustainability, and a detrimental impact on current/future service provision and emphasising that *'The 2023/24 Revenue Budget is anchored within the most challenging set of circumstances the IJB has seen since its establishment with economic turbulence, high inflation, workforce constraints, very constrained resources and enduring pressure across the whole Health and Social Care system ... Whilst the deployment of £2m of reserves protects service delivery to a degree it can only be viewed as a bridging whilst further options are considered and presented. None of these will be easy or without risk'*.

At Action Point 4 we have recommended that the Board considers how best to ensure that it monitors these key arrangements and is fully aware of any associated risks.

Environmental Sustainability and Climate Change

Internal audit A13/23 on Environmental Strategy provided Reasonable Assurance and confirmed that appropriate initial steps have been taken to put in place arrangements to ensure compliance with DL (2021)38, including development of a risk assessment and initial development of a project plan, albeit at an early stage.

Action Point Reference 1 – Governance Enhancements

Finding:

As part of the ongoing programme of work to further enhance NHS Forth Valley's governance structures and processes, there is further scope to improve the administration and operation of the Board and Assurance Committees.

We noted variance in the completion of Board and Committee papers and some non-compliance with the approved template.

While there is a move to distribute Board and Assurance Committee papers 5 days before meetings instead of the previous 3 days, this is not always achievable.

Committee assurance principles advise that while minutes are valuable for the Committee itself, they are not normally an efficient and effective source of assurance. A Chair's assurance report allows issues to be collated and presented in a way that gives readers a quick and comprehensive summary of the key issues, without considering unnecessary detail or having to decode or investigate areas of interest.

As in previous years, we identified that some Assurance Committees did not receive Annual Reports from all relevant sub-groups in time to inform the Assurance Committees Annual Reports.

Audit Recommendation:

NHS Forth Valley recognises that a strong Board Secretariat, along with a process to ensure papers are submitted, reviewed and distributed in advance of meetings is essential to ensure effective and efficient governance. In addition, Committee Chairs and Lead Officers must foster a culture of adherence to Committee Assurance Principles.

We recommend consideration of the following enhancements:

- Author adherence to clearly agreed timelines for submission of Board and Assurance Committees, to ensure a full set of papers is issued in line with the recently approved change in distribution of papers (3 to 5 days) in advance of meetings to allow full scrutiny by members.
- For the Board and each Assurance Committee, agreement of the agenda planning process. The process should be structured to enable the Chair of the Committee, the Executive Lead and Committee Support Officer to consider the agenda and the function of each paper in detail, for example, how the paper relates to corporate objectives, assurance/risk, legislation, standing orders or added value.
- Rigorous enforcement of report template guidance to ensure that authors of reports clearly demonstrate how the paper addresses the relevant requirement(s) of the committee's remit and the relevant strategic risk.
- Chairs' update reports to Board that overtly highlight key issues, any key risks or other matters which should be the focus of the Board's attention and any matters which are being formally escalated. The summary should also report any instances where the Assurance Committee is not fulfilling its work plan during the year. These update reports should not be simply a summary of minutes but should provide a focus for discussion and a clear summary of the governance issues.

- A process should be put in place to ensure Annual reports from sub-groups are received in time.
- Regular monitoring of adherence with Forward Planners.

Assessment of Risk:

Moderate



Weaknesses in design or implementation of controls which contribute to risk mitigation.

Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.

Management Response/Action:

Assurance Committee Administrators with support from the Executive Lead, and authors to circulate papers 5 days in advance of the meeting. Papers not available for circulation to be either withdrawn from the agenda or circulated as a ‘to follow’ item with the agreement of the Committee Chair.

Agenda setting /planning process in place for Performance & Resources Committee, Clinical Governance Committee, Audit & Risk Committee, and Staff Governance Committee. Similar process to be agreed for NHS Board meetings.

Time to be built into the process to ensure that Committee papers are reviewed by the Corporate Office and revised to ensure that reports demonstrate how the paper addresses the relevant requirement(s) of the committee’s remit and the relevant strategic risk.

The Assurance Committee Template will be completed to ensure that the Chair’s update to the NHS Board, which will include the minute, highlights key issues, any key risks or other matters which should be the focus of the Board’s attention and any matters which are being formally escalated.

Forward planners to be reviewed at each meeting of the relevant Assurance Committee.

Timing of Annual Reports from sub-groups to align with financial year-end reporting ensuring support to required timeline for drafting of Assurance Committee Annual Reporting.

Action by:	Date of expected completion:
Head of Policy & Performance	Points 1 – 5: 31 December 2023 Point 6: 31 March 2024

Action Point Reference 2 – Scottish Government Brokerage

Finding:

The planning deficit position to end of 2023/24 is £15m. The Director of Finance has informed the Board that the position will be clearer at the end of quarter 1 and ongoing review of the financial position will continue on a quarterly basis with Scottish Government to review potential solutions to achieve financial balance including consideration of brokerage requirements.

We are aware that NHSScotland as a whole is predicting significant requirements for brokerage by 2025-2026 and that the SG has announced that it has a £1bn shortfall in 2023/24, rising to £1.9bn in future years. In these circumstances, NHS Forth Valley's current projected cumulative 3 year brokerage, at a total of £36m, is relatively modest compared to some other NHS Boards. While NHS Forth Valley is committed to avoiding brokerage, there is a risk that it will be necessary and the availability of any required level of funding may not be guaranteed. NHS Forth Valley may need to and will prepare contingency plans accordingly.

Audit Recommendation:

NHS Forth Valley should monitor this risk and have contingency plans in place; as the impact of a sudden cessation for brokerage, or urgent revision to budgets could be extremely damaging to service provision.

Assessment of Risk:

Moderate



Weaknesses in design or implementation of controls which contribute to risk mitigation.

Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.

Management Response/Action:

The in-year financial position and forecast outturn will continue to be monitored closely throughout 2023/24 and discussions with Scottish Government are planned on a quarterly basis to review financial projections and key risks as these develop.

Contingency plans to deliver financial balance will be considered on the basis of financial risk aligned to wider patient safety and service risk.

The new Healthcare Strategy will describe financial sustainability ambitions and supporting delivery mechanisms in the context of improving value.

Action by:

Date of expected completion:

Director of Finance

31 March 2024

Action Point Reference 3 – Performance

Finding:

A review of performance management (previously reported through the Corporate Management Team) will include a programme of Directorate and Partnership Performance Management Reviews (PMRs). This will provide an opportunity to reflect on the achievement of strategic aims and corporate objectives whilst considering risks and issues.

Risk escalation and performance information flow was set out within an Internal Governance Reporting and Escalations Arrangements diagram, but as yet, there is no explicit exposition of how performance will directly link to risk and, particularly, assurance.

Audit Recommendation:

The short life working group commissioned to develop the structure and process for PMRs should consider how best to ensure that there is an explicit and overt link between PMRs and identification and escalation of strategic risks the provision of assurance on the operation of controls and the effectiveness of key actions, using the Committee Assurance principles presented to the June 2022 Board Development Event as a guide to best practice.

Assessment of Risk:

Moderate



Weaknesses in design or implementation of controls which contribute to risk mitigation.

Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.

Management Response/Action:

Performance & Resources Committee to approve the Revised Performance Management Framework, with the aim of setting out the governance infrastructure in place to ensure that processes are in place and responsibilities are defined that enable the NHS Board and other key personnel to understand and monitor the Board's achievement against financial, quality and operational performance, enabling appropriate action to be taken when performance against set targets deteriorates. This framework explains the operating environment to support effective performance management rather than the specific measures to be monitored.

Actions agreed to support effective adoption with update to Performance & Resources Committee:

- **Undertake a current state analysis of the Programme Boards to assess strengths and weaknesses of current model and to identify recommendations for future governance model.**
- **Local Authority Chief Executives, Health Board Chief Executive and Chief Officers to work together to agree a collaborative approach in respect of the HSCP Performance Reviews.**
- **Define detailed reporting arrangements for HSCPs with due consideration for the role of ELT, Performance Reviews and Programme Boards.**
- **Test the usage of the Variation and Assurance icons in one area and review findings before agreeing to adopt more widely.**

- Test the usage of Best Practice Guidance for Data Presentation and review findings before agreeing to adopt more widely.

Assurance section within Assurance Committee Template to make explicit the level of assurance in respect of processes in place.

Acute Services Directorate performance review scheduled for 23 September.

Action by:	Date of expected completion:
Head of Policy & Performance	Performance Framework approved August 2023 31 March 2024

Action Point Reference 4 - Integration

Finding:

Terms of Reference for a review of Health & Social Care Assessment, Support & Improvement were presented to Board on 30 May 2023 and approved. The review will include:

- Assessment of integration arrangements in Forth Valley with a particular focus on the NHS Board and implementation of the Public Bodies Act 2014 as per the approved Integration Schemes.
- Re-assessment of the Ministerial Steering Group (MSG) integration principles to identify areas of strength, weakness and future opportunities to enhance collaborative working in health care, and the wider public sector.

A Clackmannanshire and Stirling IJB update was presented on 30 May 2023 and provided Limited Assurance, while highlighting financial risks that may impact on service delivery.

Audit Recommendation:

The Board should consider how best to ensure, with its IJB and council partners, that it monitors these key arrangements and is fully aware of any associated risks as a consequence from the MSG reassessment. Relevant key controls to mitigate any forthcoming risks could include:

- Implementation of outstanding MSG recommendations
- Any recommendations from the external review of integration
- Clear lines of assurance, potentially using the Integration Principles produced by FTF and validated by the SG.

Assessment of Risk:

Moderate



Weaknesses in design or implementation of controls which contribute to risk mitigation.

Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.

Management Response/Action:

Monitoring of the implementation and delivery of integration functions across Forth Valley, including MSG recommendations, is carried out by the Chief Officer Group (COG) in line with section 15.3 of the Public Bodies (Joint Working) (Scotland) Act 2014. Membership of the COG is comprised of the Chief Executives of each Local Authority and the NHS Board. An update from COG will be presented to the NHS Board bi-annually and scheduled on the NHS Board planner.

Action by:

Date of expected completion:

Chief Executive

31 January 2024

Clinical Governance**Strategic Risks:****SRR02 – Urgent and Unscheduled Care. Current score 25, target score 9.**

If NHS FV does not take immediate steps to create capacity, and address whole system pressures through delivery of the Urgent and Unscheduled Care programme in the longer term, there is a risk that we will be unable to deliver safe levels of unscheduled care, resulting in potential for patient harm.

SRR04 – Scheduled Care. Current score 20, target score 9.

If NHS FV does not consider and plan for current and future changes to population and associated demand/case-mix, there is a risk that the model for delivery of planned care will not meet demand or prioritise effectively, resulting in poorer patient outcomes, avoidable harm and failure to meet targets.

SRR016 – Out of Hours. Current score 16, target score 9.

If NHS Forth Valley is unable to provide a fully staffed OOHS taking an integrated, multidisciplinary approach, there is a risk that the service will not have the resilience and capacity to flex to meet demand, negatively impacting on the patient experience and journey, and ability to deliver care at the right time, right place by the right person.

Clinical Governance Framework

The Clinical Governance Implementation Plan 2022-2026 is a key component of the Quality Strategy 2021-2026, which aims to support staff across NHS Forth Valley and the Health & Social Care Partnerships (HSCPs) to develop systems and processes to provide safe, effective, person-centred care and provide assurance and routes for escalation through the Clinical Governance meeting structures. Prior to approval of the Clinical Governance Implementation Plan at the 23 May 2023 meeting of the Clinical Governance Committee (CGC) and by Forth Valley NHS Board on 31 May 2023, a consultation exercise was completed, including feedback from the Clinical Governance Working Group (CGWG).

Quality Strategy and integrated Clinical & Care Governance structures

Internal Audit have previously made recommendations to help ensure integrated Clinical & Care Governance structures are adequately described, that all clinical and care governance risks and issues are reported to the CGC, including those relating to delegated functions, and that improvement actions are monitored. Management have responded positively to our recommendations and the majority are well progressed, as reflected in section 5 of this report and as reported to the Audit & Risk Committee through the AFU reports.

The Quality Strategy requires clear clinical and care governance structures reflecting organisational restructuring, Integration and Covid19 learning to support robust quality control and assurance. The Clinical Governance Implementation Plan meeting structure shows only a 'dotted line' from the Falkirk Clinical and Care Governance Committee and Clackmannanshire and Stirling Clinical and Care Governance Group to the Clinical Governance Working Group (CGWG) and does not show any reporting lines from these two Committees to the CGC.

Neither the Quality Strategy nor the Implementation Plan describes the integrated Clinical & Care Governance structures and while IJB representatives attend the CGWG, no formal reports are provided by them to either the CGC or CGWG. These will be discussed further with management and will be reported in detail within the 2023/24 ICE.

The NHS Forth Valley Head of Clinical Governance attends both the IJB clinical and care governance committees and provides the Falkirk Committee with an NHS Forth Valley Clinical Governance report. Work is ongoing with Clackmannanshire and Stirling IJB colleagues to further develop clinical and care governance reporting.

A Forth Valley Quality Improvement Report was scheduled for the 11 May 2023 CGWG but was rescheduled to the 6 July 2023 meeting. A Quality Strategy update presentation was scheduled for the 23 May 2023 CGC but will be deferred to a future meeting, due to the lateness of submission of the paper. Therefore, we cannot, as yet, comment on the stage of implementation of the Quality Strategy and more importantly, it could not feature in the deliberations of the CGC in providing an opinion on the adequacy and effectiveness of Clinical Governance arrangements.

Clinical Governance Committee

The CGC met four times in 2022/23 and approved revised Terms of Reference for 2023/24 on 23 May 2023. While the CGC Terms of Reference state that meetings will be held at a minimum of once in every quarter, we support the decision for the CGC to meet six times in 2023/24, reflecting the increased volume of papers presented, allowing the Committee to fulfil its remit.

While we have commented that integrated clinical and care governance arrangements still require development, for other areas covered the quality of formal assurances provided to the CGC has been significantly enhanced and we have summarised governance improvements below. Papers are more numerous and contain considerably more detail than previously. As agreed at the 23 May 2023 CGC, Committee members need sufficient time to review the papers prior to the meeting. We are pleased to note that issue of papers 5 clear days in advance of the meeting will be strictly adhered to.

As the volume and quality of CGC papers has significantly improved during the year, risks that may not previously have been identified are now being overtly reported and, in order to ensure that key issues are identified and risks escalated, the CGC must be clear about their priorities, ensure compliance with the focused and comprehensive work plan and must monitor their own performance rigorously. The CGC may find consideration of the Committee Assurance Principles useful in maintaining focus on the most important risks and issues.

Given the extensive nature of the items covered at each CGC, it is good practice to reflect on the business conducted at the end of each meeting to ensure any necessary risks or issues are escalated to Board.

The CGC Annual Report 2022/23 was approved on 23 May 2023 and concluded that adequate scrutiny of Clinical Governance arrangements was in place during the year, albeit the committee was unable to fully fulfil their Terms of Reference as there were no Public Health Governance Updates during the year.

It provided a reflective conclusion and comprehensively described the breadth of business undertaken. The Medical Director's overview within the report reflected capacity pressures within the Acute Site as well as the wider NHS system, reflected in the reduction of agenda items which involved updates from clinical staff. The Medical Director further stated that *'the utilisation of contingency areas and challenges with access targets had an impact on the ability to provide safe, effective and person-centred care. During this time patient safety remained a priority across NHS Forth Valley with effective clinical governance in place'*.

The Clinical Governance Working Group (CGWG) reviewed their Annual Report 2022/23 and approved revised Terms of Reference and the 2023/24 Forward Planner at their 11 May 2023 meeting. The CGWG Annual Report 2022/23 was presented to the CGC on 23 May 2023, at the same meeting where the CGC Annual Report 2022/23 was approved.

Since the issue of our ICE report in January 2023, the operation of the CGC has been enhanced through:

- Improved use of cover papers in the standard NHS Forth Valley format, robust provision of assurance and signposting of key issues.
- Good quality minutes.
- Provision of summarised Clinical Governance Working Group Meeting Updates to the CGC.
- Development of the CGC 2023/24 Forward Planner in the standard NHS Forth Valley format, including core reports, a section on triangulation, implementation of the Quality Strategy and the Clinical Governance Strategic Implementation Plan.
- Strengthening of Standards and Reviews reporting, which includes external assessments, by the inclusion of Additional Assurance / Deep Dives if required.
- Formal reporting rather than verbal updates.
- Improved use of charts and visual depiction of data.
- An Organisational Development and development of an Induction Booklet for Non Executive members, approved at the 21 February 2023 CGC.

In addition to the standard items considered by the CGC in line with the requirements of the Vincent Framework, the Committee receives a variety of assurance reports, including annual reports, from a number of internal and external sources. The CGC also considered progress to action recommendations from the ICE report in February 2023.

Key internal assurances

Patient experience and patient safety reports are provided to the CGC and CGWG as described in the forward planner. The 2022/23 CGC Annual Report provides assurances to Board on these key governance matters and minutes of the CGC are also presented to Board.

The Safety and Assurance Report provides information on Scottish Patient Safety Program (SPSP) work streams. In line with previous internal audit recommendations a 'What will be the effectiveness of the actions?' question has been added to the report. The Directorate Assurance Template is currently under review to support standardisation of reporting and we wholly support this, with a view to minimising variance and facilitating read across and benchmarking. This will also promote a focus on key risks and issues and minimise the risk that data is used simply because it is readily available, rather than being the best source of assurance.

Hospital Standard Mortality Rate (HSMR)

HSMR data is reported through the Safety and Assurance reports. In the second and third quarters of 2022/23 HSMR had been above 1.0 (a diminution in performance) but did reduce to 0.98 in the final quarter. The Medical and Nurse Directors have commissioned a review to aid understanding and predict if further deterioration is likely, and to identify learning to improve outcomes. CGC minutes evidence discussion on the consideration of system pressures and the correlation with increased mortality rates and we expect to see the outcomes reported to CGC.

Significant Adverse Event Review (SAER)

The SAER report presented to the 23 May 2023 CGC provided Limited Assurance; while reasonable assurance could be provided around process, assurance on the completion of and organisational learning from SAERs was not provided. However, the SAER report was extremely clear in reporting that the organisation is not compliant with National timelines, due to the increase in commissioned SAERs attributed to NHS Forth Valley's enhanced adverse event process.

There were 37 SAERs in the system:

- All three SAERs commissioned since the last CGWG breached the 10 days since the incident KPI.
- One SAER report breached the 90 working days submission due KPI.
- One SAER report was approved within the 30 working day KPI.
- 13 of 37 SAERs still required development of an improvement plan.

The 2022/23 ICE report recommended more in-depth analysis of failures in achieving SAER KPIs, potentially through development of a dashboard, but this has not yet been done, although management have informed us that work is ongoing to strengthen and train the Adverse Events Review team, to improve performance and ensure lessons are learned from SAERs. We previously recommended use of tables to present data and while this is not suitable for all performance information, SAERs is one area where a tabular presentation format would be useful to clearly report percentage achievement of KPIs.

Duty of Candour

The Duty of Candour Annual Report was approved by the CGWG on 11 May 2023 and by the CGC on 23 May 2023. Our review of the Duty of Candour report confirmed that it provided assurance on application and compliance with the legislation, and that learning and improvements have been put in place.

Patient Safety

'Widening our Patient Safety Walk Rounds to reach out to every corner of our organisation' is included in the Stage 4 Escalation plan under Communication and Engagement. Patient Safety Conversation Visits identified key themes, patient safety concerns and allowed sharing of areas of good practice, quality improvement and staff wellbeing. A new draft 'Patient Safety Conversation Annual Report' was presented to the 23 May 2023 CGC.

In April 2022 a one year programme of Patient Safety Conversation Visits was approved and the new Patient Safety Conversation Annual Report supported their continuation. There will be a focused session on Patient Safety Conversation Visits at the Board Seminar on 13 June 2023 where their future direction will be agreed.

Clinical Policies & Guidelines

The Clinical Policy & Guideline Governance Group annual report to the 23 March 2023 CGWG noted that 312 of 702 policies / guidelines were overdue for review, and that Management had identified areas where clinical policies and guidelines had not followed a robust approval process, as well as issues with accessing clinical policies guidelines. Management have informed us that a risk assessed programme to prioritise review of policies is underway including removal of clinical guidelines that are no longer required (previously over 1,000), including review of guidelines introduced during Covid19 to determine if they are still required. Work is ongoing to ensure robust clinical governance scrutiny of the quality and completeness of policies and improvements in the policy search facility. The Head of Clinical Governance has liaised with the Corporate Risk Manager and an operational risk for Clinical Policies is being developed. Again, we will follow up on this key issue in the 2023/24 ICE.

Patient Experience

The Feedback, Comments, Concerns, Complaints and Compliments Annual Report 2022/23 was presented to the May 2023 CGC and provided Reasonable Assurance. There was a 26% increase in the number of complaints received during the previous year, primarily because of easing of Covid19 restrictions. The local performance target is to respond to 80% of complaints within 20 days and overall performance in 2022/23 was 74%. CGC minutes evidenced robust discussion on this area.

Adult and Child Protection

Refreshed 'Getting it Right for Every Child' Guidance was published by SG in September 2022. The Child Protection Department End of Year Report 2022/23 presented to the May 2023 CGC provided Reasonable Assurance and noted that work was ongoing to ensure compliance with the revised guidance and to review of NHS Forth Valley Child Protection Supervision Guidance.

The Adult Support and Protection Update presented to the May 2023 CGC provided reasonable assurance that NHS Forth Valley has been meeting all its duties in this area throughout the year. The paper stated that *'Over 2022/23 there has been limited assurance that NHS Forth Valley has been meeting all its duties in relation to Adult Support and Protection. As per the gap analysis paper in Appendix 1, recognition of this led to improvement which has seen the assurance level increase over the latter quarter of 2022/23'*. Best practice would have been for the paper to have reflected the level of assurance for the full year i.e. Limited.

Public Health

The Acting Director of Public Health regularly attended the CGWG, but no public health reports were provided to the CGC or CGWG during 2022/23. A Public Health update report was presented to the 23 May 2023 CGC, providing substantial assurance on routine management and running of the Directorate and Health Protection governance. Future reports will provide updates on Health improvement governance, Dental Public Health governance and Healthcare Public Health governance. Public Health is a key component of NHS Forth Valley's overall objectives and purpose and we would expect that the CGC will ensure that appropriate assurances will be received throughout the year and at year-end.

Medicines Management

The Director of Pharmacy presented a Controlled Drugs Assurances report and Controlled Drugs Reporting Template to the May 2023 CGC. An Annual Report 2023/24 is scheduled for April / May 2024. Internal audit A16/23 – Medicines Management will check that the Safe and Secure Handling of Medicines Policy is aligned to current clinical best practice and is effectively distributed to all staff and will review the new governance structures in this area. Internal audit A18/24 will audit compliance with policies and procedures, including review of controls to mitigate the risk of misappropriation of controlled and desirable drugs.

External Assurances**Escalation Improvement Action Plan**

Updates to each CGC meeting highlighted the potential impact on clinical governance activities as a result of the Stage 4 Escalation Improvement Plan. The CGC has responsibility for overseeing actions and providing assurance on the Safe Delivery of Care (HIS improvement actions) and the Out of Hours Improvement Plan. Maintaining established clinical governance reporting arrangements during the transfer of operational services, staffing and budget responsibilities to the HSCPs and mitigation of potential implications of fragmentation for clinical governance are key escalation workstreams.

The Escalation update to the May 2023 CGC reported that the care assurance process will be revised to support robust clinical and care governance arrangements, to ensure early indication of patient care issues, professional safety and governance arrangements which would enable the organisation and individuals to work together to deliver care to meet and exceed current standards.

Health Improvement Scotland (HIS) Reports

Internal audit A14A/23 on Review of Organisational Response to HIS Reports, issued on 22 March 2023, reported that following receipt of the second HIS report in December 2022, there was a marked strengthening of the NHS Forth Valley approach to addressing HIS requirements. While the response to the June 2022 HIS report was limited to identifying and delivering solutions in the operational area reviewed, a whole system, holistic approach had now been adopted, with clear measurement criteria to assess the success of improvements under development. The internal audit report made five recommendations and in a presentation to 23 May 2023 CGC the Executive Nurse Director provided an update on these as follows:

- Measurement Plan to be delivered via the Oversight group - Final draft will be completed for approval by end of May 2023.
- Review of the system of visibility, governance, and assurance of all internal and external scrutiny visits to understand existing mechanisms - On target and due by end of August 2023.
- Working Group to develop action logs and track these to demonstrate progress and/or completion – Complete.
- Slippage of actions to be added to the Working Group Terms of Reference and agenda – Complete.
- Formal review of the RAG status scoring mechanism to be undertaken by the Chair of the Working Group and reported to the Working Group for consideration and approval - Complete with ongoing review.

Completion of these actions will be validated through the AFU system and a further internal audit in 2023/24 will evaluate the effectiveness of actions contained within the HIS Improvement Action Plan.

Standards and Reviews

Internal audit report A08/23 – ICE, noted that the Standards and Reviews report listed numerous linked items without commenting on the seriousness of issues raised or the associated risk to NHS Forth Valley, specifically the HIS report. We were pleased to note that this has been remedied and the Standards and Review cover papers to the February and May 2023 CGC clearly signposted ‘Key Issues to be Considered’.

Other key external assurance reports included:

- Feedback from the July 2022 Expert Review of Mental Health HMP & YOI Polmont, jointly undertaken by HM Inspectorate of Prisons and HIS. This review followed up recommendations made after a full review in 2018 and provided external assurance that NHS Forth Valley had substantially addressed the recommendations arising from both the Full Inspection and the Follow Up External Review. In our opinion, the cover paper provided a high standard of information on Quality and Patient Care Implications.
- As reported to the 23 May 2023 CGC, a visit to Internal Medicine and specialties by the West of Scotland Deanery on 20 January 2023 raised a serious patient safety concern requiring immediate action. Whilst the Risk Assessment / Management section of the cover paper did highlight some risks,

these were mainly reputational, financial and largely inward-looking and the key patient safety implications were not highlighted.

Risk Management

The strategic risks aligned to the CGC were regularly reported to the Committee during the year and the scores were static at quarter 4 of 2022/23.

Urgent and Unscheduled Care

In February 2023 CGC considered the 'Assurance Deep Dive on Urgent and Unscheduled Care'. Current controls included establishment of Urgent and Unscheduled Care Delivery Groups and four workstreams, and a 2 year programme agreed with SG with focus on Re-design of Urgent Care, Urgent and Emergency Assessment, Virtual Capacity and Discharge Without Delay (whole system flow). The deep dive provided contextual data on patients spending over 8 and 12 hours in ED and considered the known impact of delays to treatment on clinical outcomes. Further identified controls include delivery of a 2 year programme including increasing capacity to close contingency beds, increase Community Beds and community based care, scoping a new model for delivering specialist rehabilitation and transitional intermediate nurse/AHP led care and expansion of Hospital @ Home.

The current risk score of 25 is realistic and, in our view, the target risk score of 9 – Medium will be challenging to achieve in the short term. We were pleased to note that the strategic risk includes an in-year trajectory of 20, to be achieved by August 2023.

Scheduled Care

The Scheduled Care risk description has been revised to capture the impact of cessation of treatment/diagnosis on patients, and the risk that failure to prioritise effectively and plan for the impending changes to case-mix and population need could cause additional, preventable death and harm, as recommended by internal audit. The strategic risk will be fully reviewed as part of the deep dive planned for September 2023.

Current controls include: Reorganisation of scheduled care with clinical leadership incorporated into the delivery structure; development of a flexible capacity mobilisation plan to maximise scheduled care services, including adoption of virtual clinics and implementation of Advanced Referral Clinical Triage; Identification of recurrent and non-recurrent capacity deficits within scheduled care service and creation of a sustainability plan; continued application of clinical prioritisation; application of Realistic Medicine principles and enhanced validation exercise around urgent and routine prioritisation.

Further controls required include implementation of a Scheduled Care Dashboard to show live performance against standards; a comprehensive Job Plan Review to free up scheduled care capacity and ongoing recruitment.

The current risk score of 20 is realistic but again, the target risk score of 9 – Medium will be challenging to achieve in the short term. An in year trajectory for this risk has not yet been agreed.

At the February 2023 CGC it was proposed that risk SRR.016 Out of Hours Service was reduced from 20 (Very High / Red) to 16 (High / Amber) and it was noted that the risk would remain scored at 16 (amber). An OOHs Improvement Plan is in place as part of escalation measures, and the CGC agreed that a revised target date would be agreed and that the risk would remain amber. A deep dive into the risk, which focuses on staffing to maintain resilience within the service, was presented to the 23 May 2023 CGC.

Seven of the 10 current controls have been assessed as mostly effective, one as fully effective, and two as partially effective. One of the controls assessed as partially effective is due to factors out with the control

on NHS Forth Valley (system pressures within the Scottish Ambulance Service), and the other control has not been embedded for long enough to be assured of its effectiveness (International Recruitment of GPs).

The current score of 16 appears low, given that current controls have not yet been embedded and there are several further required controls, against the backdrop of escalation. Internal audit reviewed OOHs payroll and rostering arrangements in internal audit A28/22 and a further review will be reported in A26/23 – OOHs departmental review.

Overarching Clinical Governance risks

Internal audit report A08/23 – ICE recommended that the CGC consider adequacy and effectiveness of controls, assurances and escalation. Our review of CGC papers showed a marked improvement in reporting of both strategic and operational risks, and whilst this is relatively new and there is still some scope for further improvement, the new cover paper template has decidedly enhanced the provision of assurances. The Risk Management team is involved in the group to implement required actions from the December 2022 HIS Report.

The Corporate Risk Manager and Head of Clinical Governance carried out a review of the papers from the January 2023 Clinical Governance Working Group to identify risks (either explicitly or implicitly referenced). 18 risks were identified from the papers, of which 6 were already articulated. The other risks identified were being followed up with the relevant service areas.

As reported above, improvements in the CGC focus on risk and assurance has led to risks being more overtly reported, for example, HSMR performance, risks associated with review and update of Clinical Policies, issues raised in the recent Deanery visit and risks in completion of SAERs.

Action Point Reference 5 – Clinical Governance Assurances

Finding:

During the year the level of assurance provided to the CGC has been significantly enhanced and risks that may not have previously been overtly reported are now being routinely highlighted. We do however note some variance in the style and content of reporting.

There is a danger that this improvement in assurances means that potential risks and issues are not given the primacy they deserve and are not appropriately escalated.

Audit Recommendation:

Given the greatly increased provision of information on a variety of risks and issues, the CGC should now reflect on how it will ensure that key issues are identified and key risks escalated. This will require the CGC to ensure that it is clear about its priorities, that these are reflected in their agenda and workplans and monitors its own performance rigorously. Consideration of the Committee Assurance Principles has proved helpful informing such discussions at other clients.

To drive continuous improvement, reports should be reviewed to ensure they meet the requirements of Section C4 of the Blueprint for Good Governance in NHSScotland (2nd edition published November 2022), which sets out the requirements of an effective assurance information system and best practice in presenting data.

If the organisation decides that Chairs' update reporting to Board will continue, given the extensive nature of the items covered at each CGC, careful consideration should be given to the content of the Chair's update report to the Board to ensure that it maximises its impact by providing quick, comprehensive summary of the key issues, with a focus on key risks and controls without requiring readers to consider excessive or unnecessary detail or having to decode or investigate areas of interest to provide context.

Assessment of Risk:

Moderate



Weaknesses in design or implementation of controls which contribute to risk mitigation.

Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.

Management Response/Action:

As noted in the management response to Action Point Reference 1, the Assurance Committee Template will be completed to ensure that the Chair's update to the NHS Board, which will include the minute, highlights key issues, any key risks or other matters which should be the focus of the Board's attention and any matters which are being formally escalated.

Action by:

Date of expected completion:

Head of Policy & Performance/Chair of CGC

31 December 2023

Staff Governance

Strategic Risks

- **SRR009 – Workforce Plans Current Score: 16 High Target Score: 6 Low**

If NHS Forth Valley does not implement effective, fully costed strategic workforce planning based on projected demand there is a risk that we will not have a sustainable workforce that is the right size, with the right skills and competencies, within an affordable budget, resulting in significant pressures on staff health and wellbeing, sub-optimal service delivery to the public and increasing pressure on our financial sustainability.

- **SRR018 – Primary Care Sustainability Current Score: 20 Very high Target Score: 9 Medium**

If workforce composition and accommodation for Primary Care does not evolve to meet changing population needs and internal / external pressures such as increasing costs / technological advances, there is a risk that critical quality and sustainability issues will be experienced in the delivery of general medical services, leading to pressures in neighbouring practices and across other parts of the system (e.g. ED / Urgent Care / OOH)

- **SRR019 – Culture and Leadership. Current score – 12: High, target score 9: Medium**

NHS Forth Valley does not foster a cohesive culture with strong leadership, there is a risk that our people will not have a shared sense of purpose and understanding of how their work contributes to achievement of our objectives, negatively impacting our overall performance, ability to deliver on key strategies and effect sustainable change, and impacting staff morale and public/stakeholder confidence.

Workforce Strategy (People Strategy)

The refreshed People Strategy 2022-2025 was not presented to the September 2022 Staff Governance Committee (SGC) as planned. It was rescheduled to May 2023, but the SGC was informed that time and capacity constraints have not allowed this work to be finalised, and it has been rescheduled to align with the approval of the Healthcare Strategy in November 2023.

Workforce Planning and Risk Assurance

NHS Forth Valley's Workforce Plan was reviewed in internal audit A17/23, which provided Limited Assurance. We concluded that whilst the plan represented an important and helpful first stage in the process, there were a number of improvements which should be made in future iterations to ensure that the Workforce Plan fulfils its primary purpose of identifying the future availability of and need for staff and mitigating, as far as possible, the significant workforce risks facing NHS Forth Valley. We made four significant recommendations in the areas of:

- Risk Management
- Strategic direction and gap analysis
- Workforce action plan and data analysis
- Compliance with DL (2022)09

In March 2023 the SGC considered an initial deep dive review of the Workforce Plan strategic risk, with a further deep dive scheduled for September 2023. This review provided limited assurance and identified areas where current controls are only partially effective and where further controls were required.

A paper to the May 2023 SGC, which included A17/23 as an appendix and provided Limited Assurance, stated that the Workforce Plan 2022-2025 had been updated for feedback from SG, internal audit and the Workforce Planning deep dive exercise. The action plan set out the changes required to improve the workforce plan along with expected outcomes, responsible officers / teams and timescales, but no update on progress with each aspect of feedback was provided. We were pleased to see performance against the action plan based on the five pillars of Workforce reported to the SGC in March and May 2023.

Risk Management

During 2022/23, the SGC continued to review the Strategic Risks aligned to the Committee, all of which remain high. The 2022/23 ICE report commented that the scoring of Risk SRR.009 Workforce Plans as 16 with a target score of 6, was extremely optimistic in the current environment; the revised current score of 20 and target of 9 is more realistic, but still challenging.

A new risk for SR0019 Culture and Leadership was presented to the May 2023 SGC. The risk description captures the need for an effective culture and strong leadership, two of the areas highlighted as part of the Escalation process. Given that the organisation is in special measures, with culture and leadership cited as a causal factor, and that the Culture and Leadership Programme is a four phase programme with only phase one commenced, the current score of 12 appears to be somewhat optimistic, as is the target score of 9 and should be revisited.

Operation of the SGC

Internal audit report A08/23 – ICE was presented to the 23 March 2023 SGC. It recommended that the operation of the SGC should be reviewed to ensure that it demonstrates the rigour associated with a NHS Board Standing Committee, in order that it can be assured it will be in a position to conclude on the adequacy and effectiveness of control arrangements at year end. We recommended, as a priority, a rigorous examination of the administration of the Committee to assist its effective functioning and to ensure it is operating with the required diligence and is able to provide meaningful Committee Update reports to the NHS Board. We specifically referenced voluminous but unfocused papers.

The SGC Chair has asked for improvements in a number of areas, and while these have not yet manifested in significant improvements in the overall quality and timeliness of reports, the quality of cover papers has generally improved. We continue to have significant concerns over governance arrangements for the SGC Committee, and therefore its ability to identify key risks and focus on agreed outcomes. We recommend that the Lead Director and SGC Chair, in advance of meetings, jointly consider how best to apply Committee assurance principles to both papers and agenda and that the Committee ensures that papers are produced and issued on time and to the appropriate quality.

The March 2023 SGC noted that some aspects of the ICE report may be relevant in the production of the SGC Annual Report, that work would be required to reduce the high volume of papers circulated ahead of SGC meetings and that key information was not highlighted within cover papers. The Committee agreed action points to address the relevant ICE recommendations for inclusion in the SGC Action Log and that a different approach for information in cover papers would be considered. These actions were included in the 23 May 2023 meeting Action log, with a completion date of September 2023. Our review of the SGC papers for the March and May 2023 did not evidence any reduction in the volume of papers.

The papers for the 12 May 2023 SGC were circulated to members only 2 days before the Committee and one presentation became available on the morning of the meeting. There were 17 standalone agenda items for this meeting, as well as seven further reports for noting; a large volume for members in normal circumstances but decidedly unreasonable with only 2 days to read, assimilate and prepare questions.

The 16 December 2023 SGC minute was not presented to the 31 January 2023 Forth Valley NHS Board, but was presented to the 28 March 2023 meeting. The minute of the 17 March 2023 SGC was presented to Board on 30 May 2023. We recommend that where draft minutes of the SGC are available, these should be presented to Board at the earliest opportunity, even if not yet formally approved by the SGC.

SGC Annual Report

The Chair of the SGC concluded that *'As Chair of the Staff Governance Committee, I am satisfied that the integrated approach, the frequency of meetings, the breadth of the business undertaken, and the range of attendees at meetings of the committee has allowed us to fulfil our remit as detailed in Standing Orders. As a result of the work undertaken during the year, I can confirm that adequate and effective Staff Governance arrangements are in place across NHS Forth Valley. We have made progress and, as this report recognises, we are addressing challenges on escalation, absence management and workforce planning'*.

During 2022/23 Area Partnership Forum minutes have been presented to Board and a Partnership Annual Report will be produced for the first time, although it was not ready for the May 2023 SGC and will be presented in September 2023. This means that the report was not available to inform the SGC Annual Report 2022/23. The explanation provided to the SGC was that work still needs to be taken forward with the Employee Director and staff side colleagues to determine the content of this report. It is not clear why this could not have been done in advance of the May meeting; the Assurance principles, which should inform the content, have been available for some time and the date of the annual report is known a year in advance.

Staff Governance Assurances

During the year the SGC received reports on four of the five strands of Staff Governance. The Organisational Development, Learning and Education Annual Report were presented to the 23 May 2023 SGC, but did not reference the 'Appropriately Trained' strand. An 'Appropriately Trained' report was scheduled for May 2023 SGC was not presented.

The 17 March 2023 SGC was informed that all Directorates and HSCPs had undertaken an assessment against the five strands of the Staff Governance Standard and action plans were in place to address gaps identified. However, the covering paper does not identify any gaps against the Staff Governance Standard in the individual Directorate's plans. The cover paper could be enhanced by identification of the main challenges and gaps.

While the SGC Annual Report noted the purpose of the Assessment Tool it did not conclude on what has been achieved during the year, what would be required to comply fully with the standards, and what actions were being taken forward into 2023/24.

Staff Governance monitoring

The SG response to NHS Forth Valley's Staff Governance Monitoring exercise return 2021/22 was considered by the ELT on 12 April 2023 but has not yet been presented to the SGC. The feedback highlighted areas where NHS Forth Valley demonstrated good practice and made recommendations on what the Staff Governance Plan and subsequent 2022/2023 return should include. SG also requested that actions identified from Board iMatter reports and the iMatter 2022 National Report be considered within the 2022/2023 Staff Governance Plan.

Escalation, Leadership and Culture

The March and May 2023 SGCs were provided with updates on Escalation, Leadership and Culture and the HIS reports.

Sturrock Report

As reported to the May 2023 SGC, a Post Sturrock Group had been re-established with Terms of Reference and membership under review. The group's focus will be on improvement in culture and reduction in bullying and harassment within the organisation. A review of progress against the current action plan has been undertaken and progress against a refreshed plan will be reported through the Area Partnership Forum and SGC. This is a key area, and the group should aim to identify current levels of bullying and harassment as a precursor to developing a strategy for reducing them.

Job Evaluation

As reported to the May 2023 SGC, Job Evaluation Panels have been on hold since 8 November 2022 and recommencement of panels is under discussion. During this time a total of 35 posts were received for evaluation; 27 requesting bandings for New Posts and a further 8 requesting Job Reviews. There are currently 3 appeals on hold pending panels restarting.

The Job Evaluation Lead left the organisation and funding is currently being established to replace this post. Following a recent review, a 5 stage plan has been developed for the next 6 – 12 months for when panels are running and resource is identified and in place. In total there are 127 jobs pending evaluation.

Supplementary Staffing

As reported to the 30 May 2023 Board, NHS Scotland nursing agency spend for 2023/24 is projected to be around £200m, which is unsustainable. Nurse agency spend in NHS Forth Valley was £10 m in 2022/23, compared to £1.7m in 2019/20.

Internal audit A20/24 will review compliance with controls over the employment of bank and agency staff (with a focus on minimising non-contract agency spend) and review of actions to review and reduce demand, acquisition and use of supplementary staffing, focusing on value for money.

Remuneration Committee

The 22 August 2022 Remuneration Committee minute was presented to the SGC over 6 months later, on 17 March 2023. No further RC minutes were provided. An annual assessment of performance for 2022/23 and a review of the RC terms of reference for 2023/24 were not presented to the May 2023 SGC, as scheduled and the 2022/23 annual report has not been presented to Forth Valley NHS Board.

Having previously approved the Executive/Senior Manager Cohort 2022/2023 objectives, the 8 March 2023 Remuneration Committee was presented with a paper on Executive and Senior Manager Cohort Midyear reviews 2022/23. This paper provided assurance on the mid-year review process, steps in place to complete end of year appraisals and develop and agree 2023/2024 objectives for presentation to the RC in June 2023.

Promoting Health and Wellbeing and Appropriately Trained & Developed

The Organisational Development, Learning and Education Annual Report 2022/23, reported that 3791 Personal Development Plan (PDP) reviews had not started, 1360 were in progress and 1,455 were signed off. Percentage figures for completion were not provided but these figures indicate that only 22% of PDPs were completed, well below the target 75%.

The report provided no data on completion of Mandatory Training but reported that *'There is now data available at a directorate level across Forth Valley to highlight at glance compliance in accordance with our Key Performance Indicators. KSF and PDPs are reported via the monthly workforce performance reports with essential learning via Pentana'*.

At the same date, 63% of medical and dental appraisals had been completed. There is currently no reporting on General Practitioners.

We would highlight that the report did not set out data and risks clearly and had not taken on board previous Internal Audit recommendations.

Sickness absence in March 2023 was 7.34% and internal audit calculated the average for 2022/23 as 6.59%. Since September 2022, NHS Forth Valley has been in the top three territorial boards for sickness absence and the absence rate of 8.49% for NHS Forth Valley in December 2023 was the highest ever reported absence rate for the organisation. Whilst the official target of 4.5% is unachievable, NHS Forth Valley is clearly above optimal levels of sickness absence which will exacerbate NHS Forth Valley's financial and workforce risks, which are already very high.

A special meeting of the Area Partnership Forum on 2 February 2023 focused on understanding absence and exploring ways to improve it. Actions to ensure consistency of application and monitoring of the Once for Scotland Absence Management Policy were agreed and a draft Attendance Management Action Plan has been completed for monitoring by the SGC, although it was not presented to the May SGC.

A deep dive review of absence information was undertaken at the March 2023 SGC and it was anticipated that all actions identified to improve absence rate would be completed by the end of August 2023 with progress reported through ELT, Area Partnership Forum, and the SGC. An absence dashboard with key measurement framework will be developed to monitor improvement and achievement against the expected targets, with draft measurements still to be agreed.

We would again highlight the need for prioritisation of SGC papers and suggest that sickness absence should be an area of focus.

The NHS Forth Valley 2022 iMatter response rate was 56% and completion of Action Plans was 58%. The NHSScotland response rate in 2022 was 55%.

Health & Safety

Compliance with face-to-face manual handling training in 2022/23 was 78%, below the 90% target set in March 2022 but in line with projections. Compliance with face-to-face Violence and Aggression training for the year was 64%, short of the 71% target set in March 2022, but above the projection.

Whistleblowing

The Quarter 3 Whistleblowing Standards and Activity report presented to the May 2023 meetings of the SGC and Board provided data on the nine required KPIs and identified the main themes of culture and leadership. In quarter 3 there were no cases under Stage 1 and five cases under Stage 2. The Independent National Whistleblowing Officer received 1 case relating to NHS Forth Valley during Quarter 3, which was partly upheld.

Despite being highlighted as an area of poor governance in the 2022/23 ICE, the Annual Whistleblowing Report for 2022/23 is scheduled for the September 2023 SGC, long after approval of the SGC Annual Report.

Recommendation 6 - Committee Assurances and Administration

Finding:

Internal audit report A08/23 – ICE recommended the operation of the SGC should be reviewed to ensure that it demonstrates the rigour associated with a NHS Board Standing Committee. We commented on:

- The need for examination of the ‘administration’ aspects of the Committee, as a priority, to ensure the SGC annual report 2022/23 could conclude on adequacy and effectiveness of arrangements.
- Voluminous but unfocused papers, with cover papers which do not highlight key information, contain comprehensive risk assessments nor provide robust assurances.

These issues have not been fully rectified and are now included on the SGC action log for completion by September 2023.

Since issue of the ICE report:

- The papers for the 12 May 2023 SGC were circulated to members only 2 days before the Committee and one presentation became available on the morning of the meeting.
- The 16 December 2023 SGC minute was not presented to the 31 January 2023 Forth Valley NHS Board but was presented to the 28 March 2023 meeting and the minute of the 17 March 2023 SGC was presented to Board on 30 May 2023. A Chair’s update report was not provided to the March 2023 Board meeting.

The SGC Annual Report:


- Noted the purpose of the Assessment Tool but did not conclude on what has been achieved during the year, what was still required to comply fully with the standards, and actions being taken forward into 2023/24.
- Despite previous Internal Audit findings, neither the Partnership Annual Report nor the Whistleblowing Annual Report were available to inform the SGC Annual Report 2022/23.

Audit Recommendation:

We would reiterate our significant concerns over the effectiveness and efficiency of governance arrangements for this Committee, and its ability to identify key risks and focus on agreed outcomes and recommend that the SGC review the Committee Assurance principles to determine the key items for inclusion on their agendas.

Previous internal audit recommendations should be addressed and there should be a focus on agenda planning so that papers are distributed in sufficient time to allow members to review and reflect on them prior to the meeting, thereby facilitating improved assurance and scrutiny.

The Board should receive both minutes and a summary paper following each SGC meeting. Where draft minutes of the SGC are available, these should be presented to Board at the earliest opportunity, even if they haven’t been formally approved by the Committee.

Assessment of Risk:	
Significant	 <p>Weaknesses in design or implementation of key controls i.e. those which individually reduce the risk scores. Requires action to avoid exposure to significant risks to achieving the objectives for area under review.</p>
Management Response/Action:	
<p>Chair of the Staff Governance Committee will produce an overarching highlight paper informed by the Committee minutes (linked to Action Point Reference 1).</p> <p>Forward planner will be implemented to inform future agenda items and a monitoring process will be established in line with the Code of Corporate Governance.</p>	
Action by:	Date of expected completion:
Interim Director of Human Resources	31 December 2023

Recommendation 7 - Performance information reported to SGC

Finding:

Previous internal audit reports have highlighted the need for improvement in reports presented to the SGC. We found clear examples where such improvement was not evident.

Audit Recommendation:

Performance reports to the SGC should be reviewed to ensure they meet the requirements of Section C4 of the Blueprint for Good Governance in NHSScotland (2nd edition published November 2022), which sets out the requirements of an effective assurance information system and best practice in presenting data. This includes presenting statistical information in charts or tables with accompanying, explanatory narrative, measuring change and performance over time, showing variation within normal limits and providing a whole system view.

As a minimum, performance reports should clearly show NHS Forth Valley performance against national targets and express performance in percentages where possible, rather than numbers. Remedial action to address any particularly challenging areas or areas of poor performance, provide assurance on the effectiveness of these actions and if not, identify other potential solutions should be included.

Assessment of Risk:

Significant



Weaknesses in design or implementation of key controls i.e. those which individually reduce the risk scores.

Requires action to avoid exposure to significant risks to achieving the objectives for area under review.

Management Response/Action:

An extra-ordinary meeting of the Staff Governance Committee was held on 7th July 2023. A newly established overarching performance report was shared with the Committee which incorporates the recommendations referred to above.

This performance report will continue to evolve over time to incorporate further Key Performance Indicators.

Action by:

Date of expected completion:

Associate HR Director

31 July 2023

Recommendation 8 - Staff Governance Standards

Finding:

There has been positive reporting to the SGC on the action taken within NHS Forth Valley to comply with the Staff Governance Standard during 2022/23. However, this would have been enhanced by a concluding statement to the SGC at year-end providing an assessment of what had been achieved during the year in implementing the different strands, what had still to be achieved to fully comply with the standards and actions were being taken forward into 2023/24.

Audit Recommendation:

To evidence that NHS Forth Valley is fully considering its compliance with the different strands of the SGSs and is following a predetermined plan, a separate paper should be scheduled into the SGC 2023/24 workplan to provide specific year-end feedback on:

- The action taken on each strand of the SGSs during 2023/24.
- Reflection on how successfully and effectively these have been implemented.
- What actions are being taken forward into 2024/25, plus the further coverage planned for each strand during 2024/25.

Assessment of Risk:

Merits
attention



There are generally areas of good practice.

Action may be advised to enhance control or improve operational efficiency.

Management Response/Action:

The recommendations outlined above will be adopted in full. that an annual report taking account of the staff governance standard and corresponding 5 themes will be presented to the Committee. This will also align to iMatter organisational related feedback.

Action by:

Date of expected completion:

Associate HR Director and Service Manager,
Staff Governance

31 December 2023 (annual reporting)

Financial Governance

Strategic Risks

- **SRR005 Financial Sustainability: Current Score 25 (very high) Target Score 9.**

If our recurring budget is not sufficient to meet the recurring cost base there is a risk there will be an increasing recurring gap in our finances, resulting in an inability to achieve and maintain financial sustainability, and a detrimental impact on current / future service provision.

- **SRR010 Estates and Supporting Infrastructure: Current score 20 (very high) Target Score 9.**

If there is insufficient capital funding to develop and improve the property portfolio there is a risk the Estate and supporting infrastructure will not be maintained in line with national and local requirements

- **SRR017 Environmental Sustainability and Climate Change: Current Score 20 (very high) Target Score 16**

If NHS Forth Valley does not receive funding and resources, there is a risk that we will be unable to comply with DL38 and delivery actions / meet requirements of the Scottish Government Climate Emergency & Sustainability Strategy, and will not operate in an environmentally sustainable way, resulting in a failure to meet objectives and damaging stakeholder / public confidence.

Financial Performance

The Financial Plans for 2022/23 were approved by the Board on 29 March 2022. The Revenue Plan was for a breakeven position after delivery of £29.3m savings. The Capital Plan forecast was for a breakeven position.

The draft financial outturn position to 31 March 2023, subject to external audit review, was:

- A £0.221 million underspend on the core Revenue Resource Limit (RRL) of £771.6 million
- A break-even position against the core Capital Resources Limit (CRL) of £14.2 million
- The 2022/23 savings target of £29.3 million was delivered, £9 million (30.7%) of which was against a recurring target of £27.2m.

2022/23 Covid19 costs were £17.5m against funding of only £13.8 million, resulting in a £3.7 million pressure to be managed in-year. No Covid19 funding will be allocated from 2023/24 onwards, with the exception of funding to support ongoing vaccination programme costs.

Whilst the final outturn positions for both IJBs is not confirmed, the NHS Forth Valley outturn is based on latest predictions that Clackmannanshire & Stirling IJB's £1.8m overspend on delegated healthcare services will be met by their reserves and that Falkirk IJB's £1.6m health underspend will be transferred to their reserves.

Financial reporting to the P&RC and Board remained consistent and the position was clearly presented, along with the legacy impact of Covid19 and the reduction in specific funding. The volatile macro-economic environment made financial forecasting challenging and a potential significant overspend as early as the end of Quarter 1; along with identified recovery actions. This forecast overspend reduced month by month and, as reported to the 28 February P&RC, the Director of Finance was again predicting revenue breakeven, reflecting positive variations in funding from the SG for New Medicines and CNORIS.

Internal Audit A20/23 - Financial Sustainability was rescheduled due to delays in receiving required information and will be issued in summer 2023.

Savings Challenge

Savings needed to break-even in 2022/23 totalled £29.3m (5% of baseline expenditure). The plan was for 93% of these savings to be recurrent and 7% non-recurring. Up to and including Month 10, the Director of Finance reported that it was unlikely that the savings would be delivered in full. However, by year end the savings target had been delivered, albeit a significant proportion (70%) was on a non-recurring basis. The majority of savings related to financial management and slippage on investments rather than operational efficiencies. Unachieved recurring savings from 2022/23 are reflected in the £40.6m underlying deficit reported in the 2023/24 Financial Plan. Financial flexibility often simply defers future expenditure and in future, the receipt of additional year-end funds from the SG is less likely, so financial sustainability will need to be predicated on the achievement of recurrent savings.

A08/23 - Internal Control Evaluation 2022/23 recommended a paper to the P&RC setting out the initiatives to achieve year-end targets in more detail together with an assessment of risk, especially where there is an impact on funds available. We were pleased to note that the savings plan within the three year Financial Plan 2024-2026 was supplemented by a paper to the April 2023 P&RC that itemised plans along with a RAG status and identification of Director Lead and Finance Lead. The Director of Finance has informed internal audit that the ELT will regularly complete a detailed review of savings; and this will form part of the Performance Management Framework.

Capital Funding

The Finance Plan for 2023/24 forecasted a balanced capital budget and the draft unaudited figures for the year confirm that position. There had been a risk of underspend as reported at Months 10 and 11 if projects had not completed as planned or if goods had not been received as planned.

The change in direction nationally to a “Whole System Plan” will impact on both the Board’s Property & Asset Management Strategy, which has been paused, and the Capital Plan. Significant time and resource will be required to assess the implications and develop the Whole System Plan. This has also impacted on the planned redevelopment and modernisation of the Primary Care estate and re-provisioning of Falkirk Community Hospital; both are currently being re-phased in light of national funding constraints. This issue is captured within the Estates and Infrastructure risk (SRR010).

While SG guidance on the Whole System Plan is awaited, NHS Forth Valley should ensure capital planning is clearly and explicitly linked to and aligned with the developing overarching Healthcare Strategy and the draft IJB Strategic Commissioning Plans.

Risk Management

The Financial Sustainability risk has been scored at the highest score (25 – very high) for the entire financial year, reflecting the extremely challenging financial pressures on the Board and Scotland wide.

The SRR lists numerous mitigating controls against this risk, some of which have expired, but target dates for further controls required seem ambitious and achievement of target is unlikely in the current circumstances, unless financial sustainability is given precedence in all board and management decision making.

On 28 April 2023 the P&RC considered a second deep dive of the Financial Sustainability Risk (SRR005). The updated risk description features two separate components; with a scoring of ‘reasonable assurance’ in relation to the internal control environment and ‘limited assurance’ in relation to NHS Forth Valley’s ability to mitigate against external factors, recognising the volatility of the external environment. The assurance review concluded that a whole-systems approach is required to achieve long-term financial

sustainability aligned to service and workforce sustainability. It assessed current internal controls as partially effective and improvement opportunities were identified.

SRR009 Workforce Plans, SRR011 IT Infrastructure and SRR014 Healthcare Strategy have been identified by the Director of Finance as key enablers to mitigation of the financial risk. Risks identified during the development of the three year finance plan will be developed as part of the Finance Directorate Risk Management Activity.

Financial Planning 2023-24

The three year Financial Plan for 2023-/24 to 2025/26 was approved by the March 2023 Board. It incorporated the indicative funding settlement advised by SG on 15 December 2022 and is aligned with the four aims of the Sustainability & Value Framework (deliver better care, optimise capacity, make effective use of resources and be environmentally and socially sustainable). The plan also reflects the post Covid operating environment and carries a significant level of risk, particularly in relation to ongoing capacity and workforce pressures which are driving increased use of temporary staffing and contingency beds.

The Financial Plan indicates that financial balance is extremely unlikely not be achieved over the three year period, even if a significant savings plan is successfully delivered.

A summary of the revenue projections for the next 3 years is detailed below:

	2023/24 £m	2024/25 £m	2025/26 £m
Financial gap before savings	40.591	43.055	37.496
Savings plans / targets	25.000	30.000	30.000
Residual gap	15.591	13.055	7.496

The Plan projects a financial challenge of £40.6m in 2023-24, offset by £25m savings and other cost reduction measures resulting in a net deficit of £15.6m in year 1. A risk assessed savings plan with itemised savings schemes along with identification of responsible parties has been produced for year 1. New and emerging risks linked to unforeseen changes to the national Prison pharmacy contract, ongoing GP Practice sustainability and contractual challenges, implementation of the Agenda for Change pay award and projected demand for new Diabetes devices and associated technologies are referenced in the Plan.

SG guidance requires NHS Boards to deliver financial balance over the three years and 3% recurring savings target.

We understand that all mainland Boards may require significant brokerage for the next three years and whilst the total quantum is unknown, funding the likely overall requirement is likely to be extremely challenging, especially given the overall financial position of the SG as reported within its medium term financial Plan. Whilst NHS Forth Valley's cumulative 3 year cumulative projected deficit of £36m is relatively modest compared to some other NHS Boards, it is by no means certain that it will be available when needed. NHS Forth Valley should monitor this risk and have contingency plans in place; the impact of a sudden cessation for brokerage would be extremely damaging to service provision.

In response to NHS Forth Valley's Plan, the SG stated that it expects the following actions by 30 June 2023:

- Develop a plan to deliver 3% recurring savings in 2023-24 and develop options to meet any unidentified or high risk savings balance.
- Develop other measures to be taken to further reduce the financial gap.
- Define steps to reduce continued Covid19 related expenditure.
- Provide an update on the financial risks outlined within the Financial Plan to assess likelihood of these materialising and the impact these could have on the Board's outturn.

The Director of Finance has confirmed work on these actions is ongoing and there will be a fully formed plan presented to both ELT and P&RC (27 June 2023) for scrutiny and approval by the deadline date.

There was also significant uncertainty in years 2 and 3 of the Financial Plan, along with net deficits even after considerable savings. SG will require the Board to carry out further work to address these financial challenges in the later years of the plan. In common with many NHSScotland Board's it is not clear that the SSG expectations are realistic or can be delivered.

As the financial environment has become more challenging, associated risks have increased and existing controls may not be sufficiently resilient to substantially mitigate different and increased pressures. The Board needs to assure itself that it has capacity and capability which is sufficient to drive strategy, transformation and deliver required savings.

Whilst the Director of Finance has explained the critical figures used to produce the plan, there is considerable uncertainty in many if not most of the assumptions, therefore there would be benefit in highlighting best and worst case scenarios in order to help Board and Committee Members to understand fully the potential range of outcomes that the Board could encounter, building on work already undertaken by the Director of Finance such as the use of sensitivity analysis in considering the impact of each 1% pay increase on the deficit.

Over recent years NHS Forth Valley has not always been successful at achieving its efficiency targets and most savings have been non-recurrent, with a particular reliance on financial management. Previous reports have highlighted that during the Covid pandemic, there was a necessary shift of focus towards operational priorities, which reflected the extreme risks in those areas as well as an influx of Covid related funding which lessened the immediate financial risk and predicted that in future, the risks related to financial sustainability were likely to rise sharply and rapidly, with the acute sector in particular facing very significant financial challenges.

Without financial sustainability NHS Forth Valley will be unable to achieve its Strategic objectives in the long term and consideration of the required changes in culture should start now. The Board and CMT should ensure that financial sustainability is given appropriate priority in all decisions, recognising that money spent now will not be available for future needs. The Strategic Planning process, and large capital projects, must give suitable priority to financial (and indeed workforce) sustainability.

There may be benefit in a future Board Development session giving overt consideration as to how such a culture can be created and reinforced in all future decisions, at Board, Standing Committee, CMT and operational levels.

The Plan would benefit from robust explanations of how recurring aspects of the savings plan will be achieved in future when previous iterations have failed to deliver on specific project targets. For example, there is a £3.3m workforce savings target for 2023-24. The target in 2022-23 was £3.3m and

the result was zero savings, the target in 2021-22 was £3.3m and the result was £1.022m. The same can be said for planned savings in drugs/prescribing, infrastructure/digital and service redesign.


Transaction Systems

Internal audit A25/22 on Operation of Patients' Property Processes provided Limited Assurance and concluded that processes or management of patients' property were not working as expected on the wards visited. Management have agreed to develop a training plan to be rolled out as soon as possible, a lost property guidance will be issued and Cashiers will undertake an inventory of the ward safes and remove any lost property.

Climate Emergency & Net Zero Requirements

Internal audit A13/23 on Environmental Strategy assessed NHS Forth Valley's progress in implementing the structure and governance arrangements within DL (2021) 38 - A Policy for NHS Scotland on the Climate Emergency and Sustainable Development and concluded that reasonable assurance was provided. Climate Emergency & Sustainability has been included in the P&RC Terms of Reference with twice yearly reporting and a deep dive scheduled for August 2023. We have been informed that development of a Sustainable Transport / Travel Policy has been delayed due to over-stretched resources, with resource being focused on waste management issues that had to be addressed as a matter of urgency and an extension agreed through the Audit Follow Up system.

Resourcing to effectively implement the requirements of the Climate Emergency and Sustainability Strategy 2022-2026 was noted to be a significant cost pressure and securing revenue funding to build a team is a key financial challenge. The Director of Finance has noted significant year on year inflationary increases in utilities with a need for measures to reduce volume of usage. Energy efficient schemes also require implementation. Approval of additional posts will support this work and the ELT have requested in-year updates on improvements to reduce energy and waste.

Action Point Reference 9 – Scenario Planning	
Finding:	
Whilst sensitivity analysis has been used in some finance reports, financial planning does not routinely use scenario planning or provide best/worst case outcomes.	
Audit Recommendation:	
In a volatile, rapidly changing macro-economic landscape, some basic scenario planning would be useful to inform the Board and P&RC of best and worst case scenarios. This need not involve excessive additional work as these would only need to be applied to the most significant factors which would have the greatest impact on projections, and which are the most volatile/uncertain.	
Assessment of Risk:	
Merits attention	 There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.
Management Response/Action:	
Scenario plans setting out best and worst case scenarios will be presented to the Board and P&RC to advise of potential variability within planning assumptions for the updated financial plan in March 2024.	
Action by:	Date of expected completion:
Director of Finance	31 March 2024

Action Point Reference 10 – Savings

Finding:

NHS Forth Valley will need to deliver unprecedented savings over the next three years. Whilst there is a high quality, risk-assessed savings plan for 2023/24, two key aspects need require further assurance:

- The plan relies on delivering recurrent savings, well above those achieved in prior years.
- The plan is contingent on SG having sufficient funds available to provide the necessary brokerage to NHS Forth Valley and other mainland Health Boards.

Audit Recommendation:

NHS Forth Valley should present a financial sustainability Action Plan to the P&RC and Board which demonstrates clear links to the Healthcare Strategy (currently in development) and service redesign and transformation. This should include:

- A clear process and timetable for the setting and implementation of organisational priorities; a clear methodology for agreeing areas of deprioritisation and a robust process for identifying and delivering service change; all overtly linked to the required savings and the new strategy.
- The process for formal monitoring of operational and strategic savings programmes.
- Provision of overt assurance to the Board that NHS Forth Valley has the capacity and capability to drive transformational and strategic change, whilst maintaining business as usual and delivering recurrent savings, both short and longer term.
- A clear identification of the cultural changes required to ensure that financial sustainability receives sufficient priority both strategically and operationally in the face of competing pressures and conflicting SG priorities.
- The new Healthcare Strategy should overtly demonstrate how it will contribute to the achievement of financial sustainability and all supporting workstreams should have a clear idea of the quantum of savings they are expected to achieve.

Assessment of Risk:

Significant



Weaknesses in design or implementation of key controls i.e. those which individually reduce the risk scores.

Requires action to avoid exposure to significant risks to achieving the objectives for area under review.

Management Response/Action:

A Financial Sustainability Action Plan will be presented to P&RC on the basis recommended above following completion of the new Healthcare Strategy.

Action by:	Date of expected completion:
Director of Finance	31 January 2024

Information Governance

Strategic Risks

Risk SRR003 – Information Governance – High Risk 16; Target 9 Medium

If NHS Forth Valley fails to implement and embed effective and consistent Information Governance arrangements there is a risk we will not comply with a range of requirements relating to Data Protection legislation (including UK GDPR) and the Network and Information System Regulation (NIS), resulting in reputational damage and potential legal breaches leading to financial penalties.

Risk SRR011 – Digital & eHealth - Infrastructure and Strategy – High Risk 12; Target 6 Medium

If NHS FV does not develop a Digital and eHealth strategy which enables transformation and improvement as well as minimising technical vulnerabilities, there is a risk that other key organisational strategies cannot fully deliver the intended benefits, or the IT infrastructure could fail, impacting on long-term sustainability and efficient and effective service delivery.

Risk SRR015 – Cyber Resilience– Very High Risk 20; Target 16 High

If NHS Forth Valley does not build and maintain effective cyber resilience, there is a risk that the cyber security of the organisation may be compromised, resulting in disruption to our ICT systems and service delivery. Increased Cyber risk as reported by National Cyber Competent authorities (NCSC, SG Cyber Unit).

Information Governance (IG) Assurance Reporting

Overall, there has been a stepped improvement in IG assurance reporting during the year and the introduction of the Better Information Governance Group has strengthened arrangements. In particular, risks and action taken to mitigate them have been overtly reported and escalated. Development of the IG Strategy was paused in 2022/23 as the Head of IG was new to post. It is included in the 2023/24 Information Governance Group (IGG) work plan and is on track for completion by the target date of March 2024.

Our 2021/22 ICE report first recommended reporting on key aspects of IG & Security through regular assurance reports to the P&RC and our 2022/23 ICE report again commented on the need for regular reporting on IG related incidents, including timeliness of reporting, feedback or further action from the competent authority, and consideration for inclusion in the NHS Board's Governance statement.

These previous recommendations were substantially addressed through a standalone IG Update report presented to the February 2023 P&RC and IGG minutes with the Board assurance cover paper to the April 2023 P&RC. The February 2023 report provided Reasonable Assurance on Data Protection breaches and Cyber Security incidents and reporting on IG Training Compliance was reported to Board in the May 2023 Data Protection Officer Report. The original action point from the 2021/22 ICE recommended reporting on the status of IG & Security policies and procedures and we would expect to see this in the IGG Annual report, scheduled for presentation to the 27 June 2023 P&RC. We have been informed that the IG Unit continues to develop mechanisms to enable future reports to provide wider assurance.

The IG Annual Report was originally due to be presented to the February 2023 P&RC but was deferred to allow the Information Commissioners Office (ICO) Audit to be incorporated. The ICO report was published earlier than expected in March 2023, and the opportunity could have been taken to present the IGG annual report to the April 2023 meeting of the P&RC, in advance of P&RC consideration of its own Annual Report. The Head of Information Governance will review the timeline for 2023/24.

Whilst the P&RC has received IG assurance throughout the year, their conclusion on the adequacy and effectiveness of IG arrangements in their Annual Report 2022/23 would have been enhanced considerably by earlier receipt of the IG annual report.

The P&RC April 2023 meeting received a copy of the ICO Data Protection report and action plan. An update on the Network & Information Systems Regulations (NISR) was presented to the December 2022 meeting, reporting that the compliance status for NHS Forth Valley had significantly improved with an overall compliance rate of 70% in 2022, compared to 60% in 2021 and 50% in 2020. As reported to the IGG on 24 May 2023, in preparation for replacement of the cyber security standards and introduction of the Cyber Resilience Framework Version 2.0, a workplan and gap analysis will be developed. There will be a particular focus on compliance with KPIs and the submission deadline for the next audit is 29 January 2024.

On 9 January 2023 the ELT considered an Information Security Resources Plan and approved the permanent recruitment to support posts within IG and ICT. The financial risk was recognised, and that this would be factored into the financial plan. It was agreed that due to the scale of the investment, the Board would be informed of the decision made.

Strategic risk SRR015 Cyber Resilience was reviewed on 18 April 2023 and noted that the number of vacant posts in the cyber team, with potential for single points of failure. An additional control was added in relation to supporting recruitment and retention. The score has been reviewed and remains static at this time but will continue to be closely monitored. We commend this transparency in reporting, and we will report further on mitigation of the risk in our 2023/24 ICE report.

IG Risk Management

The three IG corporate risks are aligned to the P&RC and their current and target risk scores appear reasonable. Deep dives of the IG, Cyber Resilience and IT Infrastructure strategic risks are scheduled for October 2023, December 2023 and February 2024 respectively.

The Freedom of Information (FOI) Highlight Report to the IGG May 2023 meeting noted a red risk in relation to compliance with the statutory response timescale of 20 working days for FOI (Scotland) Act 2002 and Environmental Information (Scotland) Regulations 2004 requests with the potential for a Level 1 or Level 2 intervention from the Scottish Information Commissioner. The number of FOI requests has increased over the last two years and FOI compliance dropped from 89% in quarter 1 2021 to 73% in 2022 quarter 4.

Limited resource within the IG Unit was cited as a reason for the poor performance and the IGG endorsed a range of actions to address recruitment as well as a review of the FOI process. It is anticipated that response rates will continue at current levels until improvements from the project begin to show results.

In reflection of the current position of limited assurance around FOI statutory compliance, the Head of IG will engage with the Corporate Risk team to assess the corporate risk associated with non-compliance, so that it can be appropriately mitigated.

An IG Risk Procedure, approved by the May 2023 IGG, has been developed and sets out a standard approach for the identification, assessment and reporting of information risk.

Information Governance Group (IGG) and Better Information Governance Group (BIGG)

During 2022/23 valuable work continued on the whole system revision of the IG governance structure. The Better Information Governance Group reported to the IGG via highlight reports, with the report to the IGG in May 2023 providing a Green RAG status. The Better Information Governance Group is an

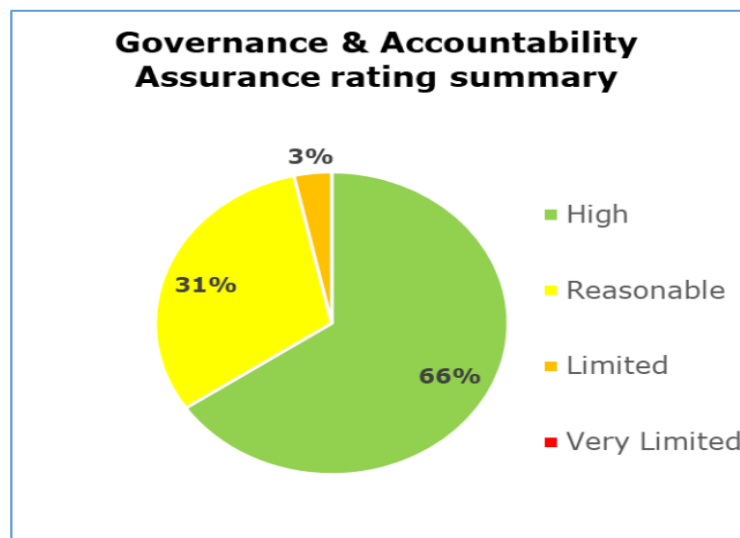
operational forum through which activities which impact upon information risks are progressed. Since the A08/23 ICE report, the Better Information Governance Group has met twice and has reviewed several IG / Data Protection polices and recommended approval by the IGG. The Information Risk Procedure has also been reviewed.

The March 2023 IGG was cancelled because it was not quorate and was rescheduled to 24 May 2023.

Data Protection

The Data Protection Officer report 2022/23 presented to the May 2023 Board provided Reasonable Assurance. As a consequence of the Information Governance Unit introduction of a new register to support internal analysis in September 2022, the report could only provide partial data. There were 48 Data Protection breach concerns in 2022/23. Of the concerns which were assessed as an actual breach, four were assessed as high risk to the data subject and were reportable to the ICO, 11 as medium risk and 25 as low risk. Target compliance for completion of IG eLearning modules is 90% and the quarter 4 compliance rate was 48%, representing a decrease during the year. The paper explained that this reflected the impact of moving between the LearnPro and Turas training systems and comparable system data not being available.

The ICO Data Protection Audit Report, issued in March 2023, provided a 'High' assurance rating on the scope of 'Governance & Accountability/Data Sharing' - The extent to which IG accountability, policies and procedures, and information sharing agreements and logs which comply with the principles of all data protection legislation are in place and in operation throughout the organisation'. In a positive report, no urgent recommendations were identified and five high, four medium and one low priority recommendations were made, as below.



Digital and eHealth Strategy

The A08/23 ICE report noted that the Digital Health and Care Strategy paper to the September 2022 Digital and eHealth Programme Board did not overtly discuss affordability, but one of the key principles was 'Solutions delivering measurable improvement are affordable, implementable, secure and compliant with the strategic approach'.

The draft Digital Health and Care Strategy 2023 – 2026 was submitted to the P&RC in February 2023 and is being developed in parallel with the Board Healthcare Strategy and timeline. Again, the finance section

of the February 2023 paper did not overtly discuss affordability but noted that each commitment within the new digital health strategy will need to be resourced and that those resources will be detailed in annual delivery plans backed up by approved business cases where appropriate.

The final Digital & eHealth Delivery Plan for the previous Digital Health and Care Strategy 2018 – 2022 was approved by the Infrastructure Programme Board in March 2022 with updates presented to the P&RC in February 2023, October 2022 and June 2022. The Digital and eHealth Programme Board monitored the eHealth Delivery Plan 2022/23 via the programme dashboard which was presented to each meeting.

The Director of Finance and Corporate Risk Manager have considered how to reflect the affordability risks across all underpinning board strategies, including the Digital and eHealth Strategy. High level financial information on Digital & eHealth was reported through the finance report presented to the Board and P&RC and eHealth was included in the Capital Plan.

The second deep dive into the Financial Sustainability risk in April 2023 noted that strategic risk SRR011 - IT Infrastructure was one of the key enablers of the management of the Financial Sustainability risk. While elements of the eHealth Strategy are prioritised and affordability within existing resource, or from within the capital budget is a key factor in the prioritisation process, assurances on this process could be better described in P&RC reports, especially given current financial constraints and the importance of digital to the transformation required to deliver sustainability.

Previous strategic risk SRR011 - IT Infrastructure has been rebadged as Digital & eHealth Infrastructure and Strategy, with the description updated and new actions added. Assurance was provided to the February 2023 P&RC that all active projects were making good progress and that all projects were on track to be delivered within the overall project milestones.

The Quarter 4 Digital & eHealth Programme Dashboard presented to the 22 March 2023 Digital and eHealth Programme Board reported that delivery on three items was risk assessed as red, two of which were delayed nationally, and were out with the control of NHS Forth Valley (Scottish Care Information Gateway and Community Health Index / replace existing Child Health System). The General Practice Information Technology Software Upgrade project was noted as a red risk due to the approach to be taken for software migration still to be determined.

The Digital and eHealth Programme Board in March 2023 received a paper on the NHS Scotland Delivery Plan Guidance 2023 which included the requirement for the completion of an Organisational Digital Maturity Exercise. The final date for submission of responses was 9 June 2023 and SG will visit Forth Valley to discuss their responses and review evidence before creating a high-level report. This will be the first opportunity for Forth Valley to measure its own progress over the last 4 years .

Action Point Reference 11 – IGG Assurances

Finding:

The IG Annual Report was due to be presented to the P&RC meeting in February 2023, but this was deferred to the 27 June 2023 meeting, even though there was a P&RC meeting on 28 April 2023. While the P&RC have received IG assurances during the year, the Committee would be better able to conclude on adequacy and effectiveness of IG arrangements in their Annual Report 2022/23 if the IGG Annual Report had been presented earlier.

Audit Recommendation:

Whilst it would have been preferable to present the IGG annual report to the April 2023 meeting of the P&RC, so that it could have been considered in advance of P&RC consideration of the its Annual Report 2022/23, it should be issued to P&RC members as soon as possible so that they may confirm virtually that they are content with the assurances provided, preferably before sign-off of the annual accounts.

Assessment of Risk:

Merits
attention



There are generally areas of good practice.

Action may be advised to enhance control or improve operational efficiency.

Management Response/Action:

The 2022/23 IG Annual Report was approved by the Information Governance Group on 22 June 2023 and will be presented to the next P&R Committee on 29 August 2023. Taking account of the above findings, the Head of Information Governance will review the scheduling of Information Governance Group meetings to ensure that the annual report is received by the Committee at or before their April meeting. This will require the IG Annual report to revert to calendar year.

In light of this change, it is proposed that the bi-annual Information Governance updates to the P&R Committee take place in February and August. The IG Update in February will capture assurance information for the full year, and the August update will capture assurance for January-June. These will be in addition to the Information Governance Group minutes which will be provided to P&RC once approved, together with a highlight report of key matters.

Action by:

Date of expected completion:

Head of Information Governance

31 March 2024

Action Point Reference 12 – IG risk**Finding:**

Internal audit report A19/20 on Information Assurance Follow Up highlighted that without adequate resources, IG staff were stretched between multiple priorities and progress was impeded and additional resources were put in place.

P&RC, IGG and BIGG minutes and papers indicate that limited resource is again being highlighted as a risk to achievement of objectives, including production of the IGG Annual Report 2022/23 and statutory compliance with FOI and EIR requests, which could result in NHS Forth Valley receiving a Level 1 or Level 2 intervention from OSIC.

In January 2023 the ELT approved permanent recruitment to support posts within IG and ICT.

Strategic risk SRR015 Cyber Resilience was reviewed on 18 April 2023 and noted that the number of vacant posts in the cyber team, with potential for single points of failure. An additional control was added in relation to supporting recruitment and retention. The score has been reviewed and remains static at this time but will continue to be closely monitored. We commend this transparency in reporting, and we will report further on mitigation of the risk in our 2023/24 ICE report.

The IGG has endorsed actions to address this, including identification of more support, review of process to identify improvements and exploring potential recruitment from existing budget and assessing future resourcing requirements. It is anticipated that the current FOI and EIR response rates are likely to continue at similar levels until improvements from this project can be achieved.

Audit Recommendation:

The Head of IG should engage with the Corporate Risk team to assess the strategic risk associated with non-compliance in this area so that it can be managed in accordance with the Risk Management framework. IG requirements have increased significantly in recent years, and we recommend a full review of the IG risk to ensure it includes all relevant aspects and that these are reflected in the actual and target risk score.

Assessment of Risk:

Merits
attention



There are generally areas of good practice.

Action may be advised to enhance control or improve operational efficiency.


Management Response/Action:

The Head of Information Governance will engage with the Corporate Risk Team to review the strategic risks.

Action by:**Date of expected completion:**

Head of Information Governance

30 November 2023





Corporate Risk Manager	
Action Point Reference 13 – eHealth Affordability	
Finding:	
High level financial information on Digital & eHealth was reported through the finance report presented to the Board and P&RC and eHealth was included in the Capital Plan. While elements of the eHealth Strategy are prioritised and affordability within existing resource, or from within the capital budget is a key factor in the prioritisation process, assurances on this process could be better described in P&RC reports.	
Audit Recommendation:	
Assurance reporting to the P&RC should be enhanced with reporting on the affordability of the Digital and eHealth Delivery Plan and recommendations for prioritisation of digital funding.	
Assessment of Risk:	
Merits attention	 <p>There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.</p>
Management Response/Action:	
Future eHealth and digital plans will continue to be fully costed to ensure they are affordable within available resources, and routine financial reports presented to P&RC will monitor capital spend against approved budget over the year.	
Action by:	Date of expected completion:
Director of Finance	31 March 2024

Key Performance Indicators

Planning	Target	2021/22	2022/23
Strategic/Annual Plan presented to Audit & Risk Committee by June.		Draft presented 17 August 2021	Draft presented 22 June 2022
Annual Internal Audit Report presented to Audit & Risk Committee by June	Yes	Presented to Annual Accounts Audit & Risk Committee - August 2021	Yes
Audit assignment plans for planned audits issued to the responsible Director at least 2 weeks before commencement of audit	75%	85%	100%
Efficiency			
Draft reports issued by target date	75%	50%	71%
Responses received from client within timescale defined in reporting protocol	75%	67%	71%
Final reports presented to target Audit & Risk Committee	75%	80%	71%
Number of days delivered against plan	100% at year-end	81%	97%
Number of audits delivered to planned number of days (within 10%)	75%	88%	83%
Skill mix	50%	83%	64%
Staff provision by category	As per SSA/Spec	Pie chart	
Effectiveness			
Client satisfaction surveys	Average score of 3.5	Bar chart	


Assessment of Risk

To assist management in assessing each audit finding and recommendation, we have assessed the risk of each of the weaknesses identified and categorised each finding according to the following criteria:

Fundamental		Non Compliance with key controls or evidence of material loss or error. Action is imperative to ensure that the objectives for the area under review are met.	None
Significant		Weaknesses in design or implementation of key controls i.e. those which individually reduce the risk scores. Requires action to avoid exposure to significant risks to achieving the objectives for area under review.	Three
Moderate		Weaknesses in design or implementation of controls which contribute to risk mitigation. Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.	Five
Merits attention		There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.	Five


Section 5

Audit Follow Up Position

	Priority	Audit Report – Recommendation & Agreed Action	Responsible Officer, original and amended due dates RAG Status	Position at 31 May 2023
A08/23 Internal Control Evaluation 2022/23 Recommendation 4 Effective Governance Culture: Priority – Significant				
1.	S	<p>All reports to NHS Board and Assurance Committees should provide a description of action taken to address key issues, an explanation if actions to address key issues were not successful and the remedial action that needs to be taken to achieve success, along with associated resource implications.</p> <p>The Board and Assurance Committees should have collective clarity on governance, culture and principles that are acceptable to them and action should be taken to ensure that the following principles are overtly evident in all aspects of business, many of which are in place at present but should be formally acknowledged:</p> <ul style="list-style-type: none"> • Clear expectations of acceptable progress and delivery, tempered with an understanding of risks and acknowledgement that risks may crystallise. • Communication of a positive message that officers are empowered to take informed, calculated risks to achieve delivery, and this will be supported by the NHS Board. • An expectation that officers will notify and address poor performance in a timely way. • A clear communication that in circumstances where officers are aware of a fundamental problem and fail to escalate the issue and take necessary action, this is unacceptable. • A collective understanding from members that NHS Forth Valley must ensure that targets are meaningful and realistic and then that all possible actions are being taken to meet them. 	<p>Head of Policy and Performance</p> <p>July 2023</p> 	<p>Note that this links directly to A08/22 Ref 1, A08/23 Rec 2 and A08/23 Rec 3.</p> <p>The updated Board Assurance Committee template will go some way to support this action in terms of providing a structure for report authors noting that work is ongoing to ensure the linkages between the assurance and risk sections of the report.</p> <p>The governance review being undertaken by Prof John Brown will be reported at the end of June. Following this an action plan will be developed to ensure the ongoing development of the Board Governance functions including assurance committee development and the ongoing education of board members.</p>


Section 5

Audit Follow Up Position

	Priority	Audit Report – Recommendation & Agreed Action	Responsible Officer, original and amended due dates RAG Status	Position at 31 May 2023
A08/23 Internal Control Evaluation 2022/23 Recommendation 5 Annual Reporting and Alignment of Assurances: Priority – Moderate				
2.	M	<p>As previously recommended, Annual Reports that underpin the annual assurances for both the CGC and the CGWG should be scheduled before the Committee annual reports are considered.</p> <p>Agreed action</p> <p>The recommendation regarding scheduling annual reports is accepted. Further, the comments and observations in this section will be tabled at the next CGWG and then to the CGC.</p>	<p>Head of Clinical Governance Medical Director</p> <p>August 2023</p> 	<p>CGWG Annual report was approved at the 11 May 2023 CGWG and was presented to the 23 May 2023 CGC, to inform the annual report.</p> <p>CGC Annual report was approved at the 23 May 2023 CGC. In addition, the following annual reports were presented.</p> <ul style="list-style-type: none"> • Draft Duty of Candour Annual Report • Draft Patient Safety Conversation Annual Report • Healthcare Associated Infection (HAI) Annual Report • Child Protection Annual Report <p>The Person Centred Care Annual Report was not presented to the 23 May 2023 CGC and the Medical Appraisal and Revalidation Annual Report is scheduled to be presented to the September 2023 CGC.</p> <p>The CGC Annual Report was presented to the Board meeting on 30 May 2023.</p>

Section 5

Audit Follow Up Position

	Priority	Audit Report – Recommendation & Agreed Action	Responsible Officer, original and amended due dates RAG Status	Position at 31 May 2023
A08/23 Internal Control Evaluation 2022/23 Recommendation 6 Committee Assurances: Priority – Moderate				
3.	M	<p>Within the corporate governance section of this report we have recommended enhancements to governance processes to ensure robust assurances are provided to the NHS Board and Assurance Committees, for example, standardisation of forward planners and agenda planning process or similar quality control mechanism.</p> <p>As a general principle, verbal updates should only be provided in exceptional circumstances. Where verbal reports are to be provided, the reason for this should be annotated on the agenda and the minutes should clearly and overtly document the outcome of the Committee’s discussion.</p> <p>Assurances provided to CGC could be enhanced through the following:</p> <ul style="list-style-type: none"> • Fully quantifying the nature and extent of the risk to the achievement of clinical objectives to enable more robust discussion and scrutiny. • Assurance papers with a focus on the design and effectiveness of controls, to provide robust assurance that action is having the desired effect in mitigating risks. • To aid understanding and scrutiny of the reports to the committee a standard approach to present performance information in a tabular format should be adopted. More exact information should be provided to ensure the risk is fully defined and understood, in future to assess if it is within appetite. There needs to be an effective process to log and monitor agreed actions to ensure risks are mitigated to within targets. • The use of formal papers rather than verbal updates. • As previously recommended by Internal Audit, more in depth discussion on Stage 2 complaints, where the current 	<p>Head of Clinical Governance Medical Director</p> <p>July 2023</p> 	<p>Work still in progress/outstanding:</p> <ul style="list-style-type: none"> • Although IJB representatives now attend meetings, provision of formal HSCP assurance reports is still outstanding. • The Head of Clinical Governance is currently working with H&SC partnerships to agree the most effective reporting of assurance through the CG meetings structure. • Capacity challenges in SAER performance and discussed by Head of Efficiency, Improvement and Innovation and Medical Director. Administrative support being developed, quality of reviews currently remains key focus. <p>Work completed:</p> <ul style="list-style-type: none"> • Following CGWG and CGC meetings the Head of Clinical Governance and Corporate Risk Manger review all papers to ensure any risks either explicitly or implicitly raised are appropriately quantified and mapped to the appropriate risk register. This will form part of the

Section 5

Audit Follow Up Position

Priority	Audit Report – Recommendation & Agreed Action	Responsible Officer, original and amended due dates RAG Status	Position at 31 May 2023
	<p>performance in resolution within 20 days, is currently 51%, well below the 80% target.</p> <ul style="list-style-type: none"> As previously recommended by Internal Audit, provision of IJB Clinical and Care Governance assurance reports and Public Health reports. More in depth analysis of failures in achieving Significant Adverse Event Key Performance Indicators (KPIs), potentially through development of a dashboard. <p>Agreed action</p> <p>These recommendations will be discussed by the CGWG and Committee, and it will be decided what to accept. For instance, there is already a detailed SAER tracker. Similarly, tabular data is not the gold standard. A recent Board seminar stressed the importance of run charts and data over time, as opposed to tabular data. Therefore, there is a need to review these recommendations in appropriate settings.</p>		<p>risk agenda item at the CGWG and CGC.</p> <ul style="list-style-type: none"> The Safety and Assurance (S&A) report is being reviewed by the Medical Director and Head of Clinical Governance. Currently there are sections on 'What needs attention' and 'What are we doing about it'. The S&A report to 23 May 2023 CGC also included 'Effectiveness of action' section. Performance information as well as other data presented to the CGWG and CGC is not always presented in a tabular format due to the nature of the data. Information on data presentation has been included in the appendix of the Induction Booklet created for the CGC. There are discussions currently with NES to scope the possibility of support with education and training with regards to using data effectively, displaying data as useful information and supporting documents that can be shared with CGC members and the wider organisation. The CG team and complaints team meet weekly to review


Section 5

Audit Follow Up Position

	Priority	Audit Report – Recommendation & Agreed Action	Responsible Officer, original and amended due dates RAG Status	Position at 31 May 2023
				<p>complaints and significant adverse events sharing intelligence and learning. Discussion on stage 2 complaints will be a focus in future meetings and reporting.</p> <ul style="list-style-type: none"> • A Public Health Update Report was presented to the 23 May 2023 CGC and a report is scheduled for the December 2023 CGWG. • The Significant Adverse Event information is recorded within the Pentana system. The KPIs are in line with the Scottish Government Framework and the reason for non-compliance is related to capacity of staff to undertake the reviews within the timescales. Work undertaken to ensure there is a robust process in place has led to an increase of approx 300% in the number of Significant Adverse Events Reviews being commissioned which is a positive change in safety culture but has led to challenges with capacity in the CG team. • The CGWG and CGC will ensure that verbal updates are only accepted in exceptional


Section 5

Audit Follow Up Position

	Priority	Audit Report – Recommendation & Agreed Action	Responsible Officer, original and amended due dates RAG Status	Position at 31 May 2023
				<p>circumstances. All presenters will be requested to provide a report or presentation which will be sent to the committee members and attendees five clear days in advance of the meeting.</p> <ul style="list-style-type: none"> The Head of Person Centred Care & Complaints has been appointed. The Head of Clinical Governance would continue to work with Person Centred & Complaints team in regard to reporting to CGC.
A08/22 Internal Control Evaluation 2021/22 Recommendation 4 Scheduled Care Risk: Priority - Significant				
4.	S	<p>It is vital that that the Clinical Governance Committee understands the full set of risks associated with Scheduled Care and is assured around the operation of all key controls, including those relating to the risks caused by deferred treatment and extended waiting times. Regular Clinical Governance Committee scrutiny of this risk, and in particular a deep dive of the risk, would allow the Clinical Governance Committee to give assurance at year end that the risk had been appropriately managed throughout the year.</p> <p>Agreed action</p> <p>In accepting the recommendation, we will have further regular risk updates on Scheduled Care to the Clinical Governance Committee to be assured the key controls including those relating to deferred treatment and extended waiting times are captured. An update to the Clinical Governance Committee will be scheduled in Quarter 1 of 2022.</p>	<p>Medical Director Head of Clinical Governance March 2022 March 2023 June 2023</p> 	<ul style="list-style-type: none"> A paper for assurance ‘Outstanding Internal Audit Actions for Review’ was presented to the 21 February 2023 Clinical Governance Committee and provided Reasonable Assurance on action being taken to address all previous Internal Audit recommendations. The Scheduled Care risk deep dive will be reported to the June 2023 CGC. Following consideration, it was agreed that bifurcating the risk between performance and clinical aspects would lead to duplication of


Section 5

Audit Follow Up Position

	Priority	Audit Report – Recommendation & Agreed Action	Responsible Officer, original and amended due dates RAG Status	Position at 31 May 2023
				<p>effort and confusion. Ways to provide assurance to the CGC without bifurcating the risk are being progressed, including providing members with copies of the risk presentation and appendices reported to P&RC.</p>
<p>A08/22 Internal Control Evaluation 2021/22 Recommendation 5 Risk Escalation: Priority - Significant</p>				
<p>5.</p>	<p>S</p>	<p>When a risk is escalated through clinical governance structures, the relevant committee should consider whether the risk needs to be recorded as a strategic or operational level risk. Report authors should clearly recommend recording of a risk where required.</p> <p>Agreed action</p> <p>The Corporate Risk Manager is on the Clinical Governance Working Group and is fully sighted on the risks included in the Safety & Assurance Report and advises the CGWG regarding escalation to corporate or strategic risk registers. This will be confirmed with the replacement Risk Manager and Head of Clinical Governance.</p>	<p>Head of Clinical Governance & Risk Manager</p> <p>April 2022</p> <p>July 2023</p> 	<p>The Clinical Governance team is working in collaboration with key stakeholders to update the Clinical Governance Working Group (CGWG) and CGC agendas, forward planners and reports to provide assurance of safe, effective person-centred care and ensure that the CGWG and CGC members have the opportunity for scrutiny at the meetings.</p> <p>A standardised approach to the minutes of the assurance committees' has been introduced.</p> <p>The Safety and Assurance (S&A) report is currently being reviewed by the Medical Director and Head of Clinical Governance. Currently there are sections on 'What needs attention' and 'What are we doing about it'. In the future the S&A report will also include 'Effectiveness of action'.</p>
<p>A08/22 Internal Control Evaluation 2021/22 Recommendation 6 Enhancements to CGC Forward Planner: Priority - Significant</p>				


Section 5

Audit Follow Up Position

	Priority	Audit Report – Recommendation & Agreed Action	Responsible Officer, original and amended due dates RAG Status	Position at 31 May 2023
6.	M	<p>Enhancement to CGC Forward Planner to include:</p> <ul style="list-style-type: none"> • Development, approval and monitoring implementation of the Clinical Governance Strategy • Monitoring of action to address ED External Review recommendations • Reporting of KPIs for Adverse Events • Annual Duty of Candour report • Monitoring Health improvement performance <p>Enhancement of Clinical Governance Committee and Clinical Governance Working Group to demonstrate a clear focus on risks, assurances provided, and scrutiny applied and any subsequent risk escalation or action.</p>	<p>Head of Clinical Governance</p> <p>April 2022</p> <p>July 2023</p> 	<p>The Annual Report 2022/23 set out gaps between the planner and what has been considered by the groups, and why.</p> <p>The 2023/24 Forward Planner includes:</p> <ul style="list-style-type: none"> • Clinical Governance Strategic Implementation Plan • Significant Adverse Events Report • Duty of Candour Annual Report • Public Health Update <p>ED Review is not included on the Forward Planner.</p> <p>Work to ensure clear focus on risks, assurances, scrutiny and escalation is well progressed.</p>
A08/21 Internal Control Evaluation 2019/20 Recommendation 5: Priority – Significant				
7.	S	<p>Revision to the Clinical Governance Strategy which will sit within the Quality Strategy which is whole system, encompassing risk and assurance reporting from HSCPs and Clinical & Care Governance.</p>	<p>Medical Director, Head of Clinical Governance and the Head of Efficiency, Improvement and Innovation</p> <p>April 2021</p> <p>June 2023</p>	<p>The Clinical Governance Strategic Implementation Plan has been developed to support the implementation of Clinical Governance across NHS Forth Valley (FV) and Health & Social Care Partnerships as a key component of the FV Quality Strategy.</p> <p>The CGC approved the draft at the 23 May 2023 meeting, and it was</p>


Section 5

Audit Follow Up Position

	Priority	Audit Report – Recommendation & Agreed Action	Responsible Officer, original and amended due dates RAG Status	Position at 31 May 2023
				<p>approved by NHSFV Board on 30 May 2023.</p> <ul style="list-style-type: none"> Although IJB representatives now attend meetings, provision of formal HSCP assurance reports is still outstanding,


Section 5

Audit Follow Up Position

	Priority	Audit Report – Recommendation & Agreed Action	Responsible Officer, original and amended due dates RAG Status	Position at 16 March 2023
A08/23 Internal Control Evaluation 2022/23 Recommendation 10 Operation of the Committee: Priority – Significant				
8.	S	<p>A rigorous examination of the ‘administration’ aspects of the Committee should be undertaken as a priority to assist its effective functioning, to ensure it is operating with the required diligence, and that it can provide meaningful Committee Update reports to the NHS Board and conclude on adequacy and effectiveness of arrangements at year end. The findings above should be included and outcomes of this review and any amendments to the SGC Assurance Plan, Standing agenda items and reporting format / style should be reported to the SGC. The Committee Assurance principles should be central to this review. The Assurance Plan and Workplan should be reviewed to ensure consistency across the two documents, and consideration given to whether both are necessary.</p> <p>Agreed Action</p> <p>Director of HR and Committee Chair to review the operation of the SGC to ensure demonstration of rigor associated with a Board. Standing Committee. This will include meeting scheduling; alignment of annual reports that underpin the SGC annual report; update report for presentation to the NHS Board; implementation of the standard format Forward Planner in line with all other Assurance Committees and the content of cover papers to ensure that conclusions are drawn, and key information highlighted.</p> <p>Director of HR and Committee Chair to meet with audit colleagues to understand what recommendations they believe are outstanding from the previous ICE report.</p>	<p>Director of HR</p> <p>March 2023</p> <p>September 2023</p> 	<p>May 2023</p> <p>Administration of the committee reviewed.</p> <p>Consistent administration of the committees now being managed by the corporate team.</p> <p>Terms of reference refreshed and agreed at SGC and Board in May 2023</p> <p>SGC assurance plan and workplan amalgamated and now reflects the requirements of the terms of reference.</p> <p>Forward planners in line with other Assurance Committees.</p> <p>Chair now providing an update paper for reporting to the NHS Board.</p> <p>Director of HR and Committee Chair met with Audit colleagues and have incorporated the feedback and advice in the SMART Workforce Action Plan.</p> <p>Progress being made with reducing the number of papers and commitment to ensure papers are shared with the Committee members in line with the 5 days requirement.</p>

Section 5

Audit Follow Up Position

	Priority	Audit Report – Recommendation & Agreed Action	Responsible Officer, original and amended due dates RAG Status	Position at 16 March 2023
A08/23 Internal Control Evaluation 2022/23 Recommendation 11 Strategic Financial Risk: Priority – Merits Attention				
9.	MA	<p>The target risk score should be reassessed in line with current circumstances.</p> <p>The NHS Board may want to consider bifurcating the strategic financial risk into a short term risk for achievement of targets in-year and one considering overall financial sustainability in the longer term. The P&RC should receive an updated “deep dive” into the strategic financial risk which has changed significantly since it was last presented to the P&RC in October 2021.</p> <p>Agreed Action</p> <p>The target risk score will be re-evaluated in light of the current risk environment and an updated deep dive on financial sustainability will be presented to the Performance and Risk Committee at an appropriate time during 2023, building on the 2021 update. Target risk score will be updated by April 2024 aligned to new 3 year financial plan. An updated deep dive on the strategic financial sustainability risk will be presented to P&RC by November 2023.</p>	<p>Director of Finance</p> <p>April 2024 (for target risk score)</p> <p>November 2023 (for deep dive on strategic financial sustainability risk)</p> 	<p>Deep dive presentation on strategic sustainability financial risk (SRR005 Financial Sustainability) was presented to the P&RC 28 April 2023 (Item 8.4).</p>