NHS Tayside Assurance and Advisory Group

Third Progress Report

Scottish Government
Riaghaltas na h-Alba
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Background

From April to June 2017 the Assurance and Advisory Group (AAG)[1], supported by the consultancy firm EY, carried out a review of the drivers behind NHS Tayside's financial deficit, which led to the publication of the AAG Staging Report on 27 June 2017, with ten recommendations for NHS Tayside and four for the Scottish Government (Annex A).

You accepted all the recommendations and established a Transformation Support Team (TST) which, from July to December 2017, provided expertise to NHS Tayside's Executive Leadership Team (ELT) as they worked towards achieving the ten recommendations relating to their Board.

The TST subsequently produced two progress reports. The first covered the period from July to 30 September 2017 and the second covered progress as at 31 December 2017. The AAG used these reports, as well as carrying out their own validation, to advise you on progress with the implementation of the recommendations in the first two Progress Reports submitted to you on 29 September 2017 and 30 January 2018.

You subsequently requested a third report - this report- as, although there were indications that changes were being made within the organisation, it was the AAG's view that these were largely transactional rather than transformational. In addition, the ability of NHS Tayside to deliver its forecast outturn for the financial year to March 2018 remained in considerable doubt.

Review Process

Our approach to compiling this report has been similar to that taken for the previous two AAG Progress Reports: we have observed Committee and Board meetings, Board Development sessions, a meeting of the newly established Clinical Alliance, meetings with locally elected members. We also scrutinised papers of multiple Board and Committee meetings.

Given that members of the TST concluded their support at the end of last year, we do not have their independent assessment to take account of on this occasion. However, our previous engagement with the Board as Chairs of the AAG and TST respectively, has afforded us an in-depth understanding of the issues and challenges which continue to face NHS Tayside.

We have also taken account of the Board's own Progress Reports to the AAG, submitted to us in September and earlier in November. These reports will be published in full alongside this report and we have taken account of the evidence and information they contain in reaching our own conclusions.

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[1] The AAG membership were: Lewis Ritchie (AAG Chair), Stephen Logan (Chair, NHS Grampian), Paul Hawkins (Chief Executive of NHS Fife), Alex McMahon (Nursing, Midwifery and Allied Health Director, NHS Lothian) and Alan Gray (Director of Finance, NHS Grampian)

Key Events since December 2017

Following on from the completion of our previous report covering the period to December 2017, two new and significant issues came to light, specifically relating to:

1. The use of eHealth funding from the Scottish Government to support the Board's financial position.
2. Decisions around the use of Endowment Funds in 2013/14.

These matters have been the subject of a number of specific investigations, reports and inquiries, some of which are still ongoing. Where relevant, reference is made to these investigations in this report.

In early April 2018, the combination of the surfacing of these issues along with the limited progress in improving the Board's financial situation led to a decision by the Cabinet Secretary for Health and Sport to exercise her powers of Ministerial Intervention[2] and to request that the Chief Executive of NHS Scotland take immediate action to strengthen the leadership of NHS Tayside. Following the escalation of the Board to Stage 5 in the Board Performance Escalation Framework (the highest level) the Chair tendered his resignation and the Chief Executive's Accountable Officer status was removed. The Cabinet Secretary subsequently appointed John Brown as interim Chair and Malcolm Wright as interim Chief Executive of NHS Tayside. They commenced work on 9 April.

As a consequence of developments since January 2018, this report should not be seen as a linear continuation of the previous reports produced by the AAG and TST. The new leadership team has undertaken a fundamental review of the workings of NHS Tayside in order to ensure that all necessary structures and processes are put in place for effective operation and performance.

It is for that reason we have amended the structure of this report to focus firstly on recommendations six to ten in the original Staging Report directed at the Board of NHS Tayside. These deal specifically with putting in place key 'enabling' structures and processes.

The role and impact of the interim Chair and Chief Executive

The immediate remit given to the new leadership team was to stabilise NHS Tayside, to provide clarity on its strategic vision and to work with the staff of the Board to promote and renew public confidence in the Board.

A key priority has been to carry out a thorough diagnostic exercise to ensure that all of the challenges facing the Board were identified, and the full scale and breadth of the improvement work underway or required was fully understood. The Chair and Chief Executive undertook an immediate review of NHS Tayside's operations and governance mechanisms, taking into account the findings of a number of external assessments and reports over the preceding 18 months, including the AAG Staging Report (June 2017) and subsequent Progress Reports (September 2017 and January 2018).

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[2] The Cabinet Secretary used Ministerial powers under the National Health Service (Scotland) Act 1978

This work identified five priority areas and within each of these a subset of necessary key actions emerged; these are outlined below and are cross referenced to the original recommendations made in the AAG Staging Report, where relevant:

Strategy and direction
- A new senior leadership team, a focus on development, capability and capacity [AAG Recommendation (Rec) 8]
- The development of a coherent Integrated Clinical Strategy [Rec 3]
- Implementation of the Strategic and Commissioning Plans produced by the Integration Joint Boards (IJBs) [Rec 7]
- Regional Delivery Plan - optimal collaboration and alignment [Rec 7]
- Independent review of Board governance [Rec 8]

Operational
- Strengthened clinical leadership and effective clinical engagement [Recs 8-10]
- Operational Unit – new management structure [Recs 6, 7]
- Mental Health independent review and immediate service reconfiguration
- General Practice provision, HM Prison Inspection and prescribing [Rec 5]
- Submission of an Annual Operational Plan and agreement to performance trajectories [Rec 2]
- Mitigation of any safety and sustainability issues that emerge
- Organisational resilience and capacity. [Recs 4, 7-10]

Service Change
- Creation of an Asset Management Plan
- Transformation Plan (inpatient flow, transforming outpatients, theatre optimisation, mental health, prescribing and primary care) [Rec 3]
- A review of e-health and digital plans
- Establishment of a Major Trauma service
- Establishing a plan for elective capacity, including the potential of a Tayside Emergency Care Centre as part of a national/regional network of services.

Performance
- Performance Improvement [Recs 1-10]
- Financial Balance [Recs 1,2]
- Implementation of external review recommendations, including Assurance and Advisory Group [Recs 1-10}
- Risk Management
- Six essential actions to improve unscheduled care (SG improvement programme launched in May 2015).

Regulation and Compliance
- Effective, real-time risk management processes
- Health and Safety
- General Data Protection Regulations (GDPR)
- Health Improvement Scotland's review of the Child and Adolescent Mental Health Services (CAMHS)
- Information Commissioner requirements

- Enhanced Monitoring of Mental Health Services by the General Medical Council (GMC)
- Strengthened clinical governance [Recs 9,10].

The Chair and Chief Executive have also commissioned further work to support critical elements of organisational effectiveness, including:

- Independent risk assessment of Board Governance. The Chairman presented a report to the Board at its meeting on 25 October 2018 detailing the developments in response to this independent review and committing to implement the guidance in the new Governance Blueprint for NHS Scotland. A self-assessment of Board effectiveness will be undertaken in January 2019. A development plan will then be agreed by the Board in February.
- Independent review of Internal Audit by the Institute of Internal Auditors. This report and recommended actions is scheduled to be considered by the Audit Committee at its meeting on 13 December 2018.
- Internal review of risk management and NHS Tayside's Strategic Risk Register. The role of Director of Governance, Risk and Compliance has been created to give additional leadership and focus in the area of risk management. The Board's Audit Committee's remit will change from 1 April 2019 to that of Audit and Assurance Committee.
- An independent review of cyber security (completed).
- Independent review of eHealth (draft report completed).

The new leadership team have summarised their approach as being made up of four components: setting direction; designing services; developing capability and delivering results. The recent Progress Report submitted by the Board is presented under these four headings.

We have taken account of these priorities in carrying out our assessment of progress since January, but for reasons of consistency and comparability, we have retained reference to the recommendations from our Staging Report in June 2017, and subsequent progress reports. The following section of the report considers these areas in more detail.

Recommendations for the NHS Tayside Board

Governance and Leadership

Immediately on taking up post, the new Chair commissioned an independent review of the Board's governance arrangements. The findings of the review have been shared with Board members and a Governance Action Plan agreed to respond to the issues identified by the review. These recommendations have been added to a single action tracker to ensure the Board has a clear line of sight to all of the key improvement work under way, facilitating better accountability.

The Chair has also been undertaking development work with the Non-Executive Directors of the Board. The prime focus has been on clarifying roles and responsibilities and supporting individual and collective development of the Board's function, in particular to ensure appropriate challenge, scrutiny and governance. As a result, a number of changes have already been made to Board committees, agendas and papers. Further consideration is now being given to the scheduling of Board and Committee meetings so that the performance information being presented to support the scrutiny role is as up to date as possible.

We note that while getting the right structures and processes in place is critical, ultimately the real impact of this work will rest on how these are used in practice to hold individuals and teams to account for discharging their responsibilities effectively. To date, we have been encouraged by the changes we have observed; particularly in relation to enhanced formality, robust challenge and follow-up of agreed actions demonstrated during Board meetings.

The Board has also committed to completing a self- assessment of the NHS Tayside Corporate Governance system in January 2019, and it will be important to ensure that this incorporates an assessment of impacts rather than just a list of tasks completed or under way.

The Chief Executive has provided high presence and clear, visible leadership within the organisation and has taken action to establish the arrangements for a healthcare system that is 'clinically led and managerially enabled'. An Executive Leadership Team action plan has also been developed, reflecting the five priority areas set out above, which will focus efforts on delivery of strategic goals and outcomes in relation to: direction, design, delivery and capability.

A revised senior executive team structure has been established with the intention that Directors are increasingly able to focus on strategic and cultural development and the transformation of services. At the most senior level, this has included the appointment of a Strategic Director of Workforce – who also fulfils the role of Deputy Chief Executive; a Director of Performance tasked with the establishment of a comprehensive performance management system; a new Director of Finance; a Head of Strategic Planning to lead the development of *Transforming Tayside* and a new medical lead for the acute sector.

Previous AAG reports reported substantial progress in restructuring the Operational Unit for Acute Services. However, with the changes in senior leadership, it was considered appropriate to take some time to reflect on the work to date and the nature of the roles within the structure. This has resulted in a redesign of the senior management structure and the creation of several new posts below Director level to enhance the senior leadership team's capability and capacity.

These new posts have contributed to a significant strengthening of the management of Mental Health Services with the appointment of an Associate Medical Director, Associate Nurse Director and Associate Director who will be in a position to drive forward the Board's response to the Independent Inquiry into Mental Health Services in Tayside. The remit of the Independent Inquiry is to inquire into the accessibility, safety, quality and standards of care provided by all Mental Health Services in Tayside, report on the findings and make

recommendations for improvement. The Inquiry Chair presented an update report to the NHS Tayside Board on 6 December 2018.

As recommended in the AAG Staging Report [Rec 10], the new operational structure has also sought to deliver a truly clinically led organisation. With support from the Scottish Government arrangements have been established that underpins clinical leadership roles to encompass devolved budget responsibility and engagement in the transformation of services supported by divisional and departmental operational managers.

In recognition of this clinically-led model, a Clinical Alliance has been established with membership drawn from the senior clinical leadership across the organisation. This group provides a forum to encourage clinically led, whole-system delivery approaches and solutions; to both the immediate challenges and longer-term transformation of services.

The new arrangements are not fully implemented other than at the most senior level and will take time to mature. However, there are already early encouraging indications of a significant change in the level of clinical engagement, leadership and of energy and commitment for change.

Engagement and Partnership

To date, while the approach to stakeholder engagement in NHS Tayside has taken account of the guidance set by the Scottish Government and Scottish Health Council, external engagement and consultation has tended to be focused on specific, major redesign programmes, often when decisions had already been taken at Board level.

The approach now being endorsed engages stakeholders at the very beginning of change and redesign programmes, alongside clinicians and leaders at the stage when future options are at the concept stage. Importantly, this is now part of a continuous conversation with local communities about health and care services.

The interim leadership team has devoted considerable time and energy to building relationships with the Local Authorities, the IJBs and the Community Planning Partnerships (CPPs) to ensure that all of the key delivery partners are aligned with the Board's strategic direction and to ensure the Board is more involved in engagement arrangements which are rooted in local communities.

To help take this forward, NHS Tayside has set up a forum, 'Working Together in Tayside', where the Chairs, Council Leaders, Chief Executives and Chief Officers from the Board, the Local Authorities and CPPs can meet to develop a more integrated and inclusive approach to delivering public services across Tayside.

A new agreement has also been signed with the University of Dundee confirming the interim leadership team's commitment to continue to develop in partnership the Academic Health Science Partnership. The inclusion of NHS Tayside in the Tay Cities Deal must also be considered a key achievement of the Chief Executive on behalf of the Board.

Internally, partnership working, with active input from staff side and trade union representatives, is being promoted at every level of the organisation. A refreshed partnership agreement has been signed and an externally facilitated workshop held, focused on embedding partnership values. A Partnership Planning Forum meets weekly to ensure a partnership approach is embedded into planning and design of the Transforming Tayside programme and the Area Partnership Forum is supported by a network of local partnership for a. These developments, and the approach which underpins them, are to be welcomed as positive steps in themselves. However, it is too early to come to a firm view regarding any substantive impact these arrangements may have on the outcomes of the organisation-wide processes they support.

Scrutiny and Performance

The new leadership team has recognised the need for a greater emphasis on scrutiny to encourage appropriate challenge and ultimately lead to greater accountability. The Chair has led the development of an accountability measurement framework that will establish clearly defined measurements, intrinsically aligned to NHS Tayside's core values that will enable co-ordinated measurement and monitoring across a wide range of performance indicators.

Early iterations of the new framework were tested at the Performance and Resource Committee and Board meetings in August, with final recommendations presented to the NHS Board in October 2018. However, as with the governance changes discussed above, the efficacy of this system will ultimately depend on how it is used in real time and the Board will continue to evaluate the new approach and adapt it in light of impact.

The new leadership team has also established a new post of Director of Governance, Risk and Compliance to provide senior level oversight of the risk management system and the arrangements to ensure that appropriate risks are identified, assessed and action taken to mitigate their likelihood and impact. The role will also include reporting directly to the Audit Committee on information security. Combined with the changes in governance outlined above, this contributes to a significantly enhanced system of support for Board members in discharging their responsibility to effectively scrutinise and challenge the operation of the organisation and the delivery of services.

The following section of the report focuses on the more service specific recommendations for NHS Tayside, which made up numbers one to five in the AAG's original Staging Report. They cover the Board's financial position, strategic planning, managing the workforce and prescribing activity.

Financial Position and Financial Planning

NHS Tayside's financial position for 2018/19 remains extremely challenging. At the stage of approving the budget in June 2018, the forecast deficit was £18.7m, excluding the impact of known risks in relation to:

- retrospective payment of endowments (£3.6m),
- revenue impact of improvements to mental health facilities (£1m), and
- primary care prescribing and mental health (£2.5m) and

The level of recurring savings identified in the financial plan was £21.0m; 44% of the total 2018/19 savings requirement of £48.1m.

The Board reported an overspend of £9.8 million for the six months to September 2018. This compares with an overspend of £10.3 million for the same period last year. By the mid-year point, the balance of unidentified savings for the year had reduced to £16.1m from the £18.7m reflected in the Financial Plan at the start of the year.

The financial plan for 2018/19 very significantly reduces the Board's reliance on deferred income (by £9m) and has strengthened financial governance, including robust oversight of the recommendations arising from the two reports by Grant Thornton earlier this year[3].

The progress made over the last nine months can be seen as a stabilisation of the Board's financial position, removing the over-reliance on deferred income and presenting a realistic and credible picture of the likely out-turn for the financial year. Steps to strengthen financial management and control frameworks have also been taken as recommended by the AAG Staging Report which anticipated that it would take a number of years to achieve sustainable in-year financial balance. The considerable work to date does not move NHS Tayside back into balance, and clear action to address the drivers identified in the original Assurance and Advisory Group Staging Report are still relevant and required. It has, however, resulted in much clearer ownership of budgets at an operational level and a higher level of recurring savings being identified (44% as compared to 36% in 2017/18). The clearer ownership of budgets is also likely to be an important factor in the improved delivery of savings against plan.

The Board is currently undertaking a forecast review, on the basis of mid-year figures, taking account of the impact of cost pressures during the year and ongoing efforts to reduce the deficit.

Looking at the process followed to set the budget for the current year, there were positive improvements in the level of engagement with each part of the service, resulting in a build-up of detailed knowledge underpinning the financial position. Following the appointment of the interim Chairman, Chief Executive and Finance Director, a comprehensive review of the Board's financial position was undertaken with a revised budget presented to the Board in June 2018.

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[3] An independent review by Grant Thornton UK LLP on eHealth funding between eHealth, NHS National Services Scotland and NHS Tayside between 2012 and 2018. An independent review by Grant Thornton UK LLP on agreed areas of NHS Tayside financial governance arrangements between the financial years 2012/13 – 2017/18.

Since that point, significant changes have been made to budget holding responsibilities. This has involved the creation of Clinical Care Groups (CCGs) with all budgets and reporting now aligned with the CCGs. These CCGs are central to future financial planning and meetings are currently being held with these groups, and with the three partner Integrated Joint Boards (IJBs – Angus, Dundee, Perth & Kinross) to support the development of three-year financial plans.

Looking forward, the recent announcement by the Cabinet Secretary of greater financial flexibility for health boards by allowing them to breakeven over a three-year period, combined with the agreement not to seek to recover all outstanding brokerage to the end of 2018/19, should have a positive impact on NHS Tayside's long-term financial planning. While NHS Tayside was already benefitting from a suspension of brokerage repayments, this more definitive step will allow the Board to begin 2019/20 with a clean slate and focus on addressing the organisation's underlying financial deficit over the next three years.

A three-year financial forecast for the period April 2019 to March 2022 is being developed and is expected to be approved by the Board and submitted to the Scottish Government in February 2019, in advance of the start of the next financial year. As part of the improvements in performance management outlined above, the Board and the recently established integrated Performance and Resources Committee now receive a more up to date monthly financial report that enables Board Members to compare budget outturns to both historical and forecast information. Alongside these developments, the Board also receives an update from the Chair or Vice-Chair of each IJB to ensure clear line of sight of the services begin delivered and costs incurred by the Health and Social Care Partnerships.

We welcome these improvements which we consider signal greater robustness and transparency in the maintenance of key financial controls and increase the level of confidence in the effective management of public funds. The new arrangements are also likely to make it simpler for the Board and ultimately the public to monitor the impact of the Board's efforts to return to financial sustainability.

Amongst the key senior appointments made earlier this year was the substantive appointment of Alan Gray[4] as Director of Finance, who has provided strong leadership to the Finance Team to improve financial reporting and governance. One key element of the changes to date is the move towards creation of a system of finance governance across NHS Tayside and the three Integration Joint Boards which not only provides resilience, and pools resources, but also promotes the sharing of best practice and expertise.

Strategic Planning

In June 2018, the Board approved a 'blueprint' for *Transforming Tayside*. This report set out a high-level vision for the future of healthcare across Tayside and is clearly aligned with the National Clinical Strategy, Realistic Medicine, Draft Regional Plan and the Health and Social Care Delivery Plan. Local priorities, including the strategic plans of the three Health and Social Care Partnerships are also central elements of this vision.

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[4] Formerly Strategic Director of Finance of NHS Tayside and former AAG and TST member. Mr Gray remains as NHS Grampian's Director of Finance.

Transforming Tayside brings together three key components: the longer-term Integrated Clinical Strategy (ICS); the medium-term quality improvement programmes, together with the immediate steps being taken in year to maximise operational efficiency. The ongoing work is being informed by extensive clinical engagement with the leadership of the Clinical Alliance.

In June, there was clear recognition of the absence of planning expertise within the Board as well as the limited availability of specialist skills and capacity needed to take forward coherent strategic and service planning. Senior programme management capacity was also recognised as needed to provide a systematic and structured approach to complex, cross system improvement.

Steps have now been taken to address some of the gaps in senior programme management for the key transformation work streams, initially with the appointment at the end of August 2018 of two experienced external programme managers.

The new Head of Strategic Planning, appointed in May 2018, is bringing previous experience in public health to bear in ensuring the 'future state' picture for NHS Tayside incorporates the principles of Realistic Medicine[5] and a focus on prevention and self-management as well as longer term plans for reforming service models and shifting the balance of care.

The Integrated Clinical Strategy development work has focused to date on reform of acute services but working closely with IJBs the Primary Care sector to identify appropriate strategic options. As a result of this work, the Clinical Alliance is now nearing completion of an initial piece of work looking at acute service redesign across a range of clinical services and there will be a report to the Board on 28 February 2019.

In line with the principles of a 'clinically-led, managerially supported' organisation, a series of clinically led improvement programmes are also underway, supported by funding provided by the Scottish Government. Clinicians are now actively leading and supporting the assessment and implementation of quality improvement initiatives in areas including Outpatients, Mental Health, Inpatient Flow and Theatres.

In recognition of the importance of the ongoing development of the ICS, plans are in place to engage the widest possible range of stakeholders, internal and external, in fleshing out the 'future state' vision.

The Board agreed at its October 2018 meeting to allow more time for this work to be carried out. NHS Tayside have advised that a further update, including the development of revised governance arrangements, was discussed in detail with Board members at a workshop in November 2018, with follow-up work scheduled for January and February 2019. This will align with the three-year financial plan. There will be a report to the Board on 28 February 2019.

The development of a credible Integrated Clinical Strategy with broad cross-sectoral ownership will be a touchstone of the Board's return to a sustainable financial position. However, as highlighted in previous Progress Reports this will take some considerable time

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[5] Practising Realistic Medicine: Chief Medical Officer for Scotland annual report, April 2018

to develop, let alone implement, and will require difficult decisions to be made about the reform of service models if the Board is to return to financial stability on a sustainable basis.

Workforce

Linked to the above point, the AAG's original Staging Report recommended [Rec 4] that NHS Tayside review staffing levels in order to identify options to safely redesign services within the financial resources available. As confirmed by Audit Scotland in a series of Section 22 reports[6], the most recent of these published on 6 December 2018, covering financial year 2017/18, the Board's service delivery model is comparatively expensive and financially unsustainable.

The development of local workforce plans to deliver the new models of care being developed by the Clinical Alliance and the Quality Improvement Programme is another critical strand of the Transforming Tayside Programme. A Strategic Director of Workforce has been appointed to take forward this Safe Affordable Workforce (SAW) approach which is designed to empower teams to deliver a safe and sustainable workforce at the same time as identifying the potential for efficiency savings. This process requires all Directorates to review their workforce, using workforce tools in conjunction with professional judgement, to identify clinically safe redesign plans and to present these back to Executive Challenge Panels. The Executive Leadership Team will take decisions on the findings of these Panels in December, with the Board due to be updated in February next year.

In the meantime however, the impact of the Board's continued efforts to minimise expenditure on supplementary staffing, including bank and agency nursing and the use of medical locums, can be clearly seen in the latest figures for the first half of the year. These show a marked improvement, with expenditure on agency nursing falling 33% compared to the same period last year (Q1 and Q2 of 2017/18). The figures for medical locums have also improved with expenditure for the last full quarter showing an 11% decrease against the second quarter of 2017/18. The challenge for the Board will be to maintain this position over the winter period.

Prescribing

There are positive - if relatively modest – indications of progress in relation to the optimisation of prescribing practice [Rec 5]. The year to the end of March 2018 showed the delivery of £2.7m in efficiency savings from primary care prescribing, against a target of £3.5m. Polypharmacy reviews are proceeding at pace, with a total of 5,641 completed in 2018/19 against a target of 3,500, In the period April 2017 to June 2018, NHS Tayside also saw a reduction in the overall volume of prescribed items of 0.26% - above the Scottish level of 0.19%.

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[6] The 2015/16 audit of NHS Tayside: Financial sustainability, Audit Scotland, October 2016;
   NHS Tayside 2016/17 Annual Audit Report, Audit Scotland, October 2016, June 2017; and,
   The 2017/18 audit of NHS Tayside, Audit Scotland, December 2018

Compliance rates with the NHS Tayside Formulary also showed an improvement, up to 91.9% in January and February 2018 compared with 90.7% in the first quarter of 2017/18 when the revised Tayside Area Formulary was launched.

Progress to date in 2018/19 is encouraging, with prescribing efficiencies for the year to date ahead of target. As at the end of July, a further 2681 polypharmacy reviews had been completed, indicating a trajectory that would see the Board comfortably achieve this year's target of 7000 reviews. This is reasonably expected to result in a further fall in total volumes of medicines prescribed by the end of the year.

The Board has been advised by the Scottish Government's Effective Prescribing and Therapeutics team that priority should be given to maximising the longer terms gains from this type of work, which also has benefits in terms of clinical engagement, rather than placing reliance on more high-risk strategies such as anticipated off-patent cost reductions or procurement activities. NHS Tayside has confirmed that they understand the challenge related to forecasting off-patent medicines; this information is contained within financial reports to ensure an accurate projected outturn position. This approach ensures a full and comprehensive understanding of the financial outturn is provided to all stakeholders.

Key areas such as respiratory, diabetes and chronic pain continue to be a focus for the Board, an approach supported by the Effective Prescribing team who agree that there are still further benefits to be achieved from this work.

The team has also highlighted the dearth of information on patterns and progress with optimising prescribing in secondary care to date. An improved reporting framework to the board for both primary and secondary care should address this as well as providing the support and scrutiny this key area requires. The latest update from NHS Tayside noted that arrangements have been established to ensure both primary care and secondary care prescribing reports are submitted to the Performance and Resources Committee for scrutiny, on a quarterly basis, starting on 6 November 2018.

Annex B contains a more detailed report from the Effective Prescribing and Therapeutics team, which we specifically sought for this review of progress, along with a number of specific recommendations to help the Board maximise the impact of this programme of improvement work.

NHS Tayside Key Metrics

Latest Key Metrics on the recent performance of NHS Tayside presented and discussed by the NHS Tayside Board on 6 December 2018, are presented as further information in Annex C.

Recommendations for Scottish Government

Included in the original Staging Report were four recommendations for the Scottish Government and we have also taken the opportunity over the last few weeks to seek updates on the action taken over the last nine months in response to these recommendations.

The first two of these related to the provision of support to NHS Tayside to address their challenges and the monitoring of progress. These were considered to have been fully met at the time of the last progress report, published in January, and we can confirm that we have seen extensive evidence that both of these processes are continuing.

Clearly, the key element of support from Scottish Government this year has been the appointment of the new leadership team. John Brown and Malcolm Wright are two of the most senior and experienced leaders in the NHS in Scotland and have brought that experience to bear in commencing the process of re-establishing organisational stability and sustainability over the last six months.

In addition, financial support from the Scottish Government has enabled the Board, amongst other things, to bring in specialist programme management skills and to provide protected time for key clinicians to take on wider clinical leadership roles and play their full part in the establishment of the 'clinically-led, managerially supported' model of service reform and improvement.

In terms of monitoring progress, the Scottish Government's Health Finance and Corporate Governance team have continued to receive written updates and to meet regularly with the new leadership team and members of the senior management team throughout this period.

As flagged above, the recent announcement by the Cabinet Secretary for Health and Sport regarding the commitment not to seek to recover outstanding brokerage provides a comprehensive and definitive response to Recommendation 13 in our original Staging Report. This move will provide the Board with a financial clean slate from the beginning of financial year 2019/20, and crucially will allow the Board to focus all its efforts on implementing its programme of recovery action.

The final recommendation for the Scottish Government related to the assimilation of learning opportunities from the experience of NHS Tayside for the wider benefit of NHS Scotland. The continuing financial challenge for the whole of NHS Scotland outlined in the recently published Medium Term Financial Framework merely serves to underline the importance of this principle.

The last Progress Report included reference to plans to develop a Performance Improvement and Value Framework to encourage a consistent 'Once for Scotland' approach to identifying and responding to financial and performance challenges. Progress is continuing to develop and implement this broader approach, now being taken forward within a restructured Health Finance, Corporate Governance and Value Directorate. Action has also been taken to strengthen the resources available centrally to support Board recovery. A summary of the work to date is included in Annex D.

Summary and Conclusions

NHS Tayside has experienced a period of significant upheaval over the last nine months and, as with any organisation in that position, it is recognised that it was necessary for a new leadership team to fully understand all of the underlying issues to enable them to effectively stabilise the organisation.

However, it must be recognised that system-wide reform is a long-term process with the development and implementation of a shared vision requiring significant time commitment and elapsed time to allow all of those involved to fully contribute. This process is now underway. We are reassured that the new leadership team has met its remit to stabilise the Board and has successfully introduced a robust platform from which the Board can move forward to improve its performance, protect its reputation, redesign services and return to financial balance.

With the impending departure of the current Chief Executive at the end of December, followed by the Chair at the end of March 2019, continuity of leadership continues to constitute a key risk for the organisation and an immediate challenge for the substantive replacements will be to build on this progress and maintain the confidence of staff and public. It will also be important that the extensive work undertaken by the current interim Chief Executive and Chair to create a clinically led, managerially enabled organisation is maintained as the organisation transitions to a new, permanent leadership team. Grant Archibald, currently NHS Greater Glasgow and Clyde's Chief Operating Officer of Acute Services, has been appointed to replace Malcolm Wright as NHS Tayside's new, permanent Chief Executive.

While recognising the extensive programme of work that has been undertaken and the strong foundations put in place over the last nine months, both the challenges facing the Board and the associated level of risk remain significant and a high level of Scottish Government support and scrutiny will continue to be required during the transitional period.

Fundamentally, the current service delivery model in NHS Tayside does not constitute a sustainable basis on which to deliver services fit for the future while remaining within the allocated budget. The improvements underway in relation to financial management and control; the mobilisation of a series of quality improvement programmes and the more efficient systems and processes which have been put in place will clearly help move the Board towards achieving financial balance. However, it is becoming increasingly clear that these specific aspects of the *'Transforming Tayside'* programme, while absolutely necessary, are unlikely to prove sufficient to close the whole financial gap.

Ultimately, a sustainable future for NHS Tayside will rest on its ability to make real inroads into delivering the types of service reform that are set out in the Health and Social Care Delivery Plan.[7]

In the original AAG Staging Report of June 2017, we noted in the Foreword: 'In order to secure success, leadership and partnership working of a very high order will be required, with the full engagement of the people of Tayside and its public representatives – this will need to be done well, at pace and with resolve'. This is still very much the case. Going forward, it will be essential that the tangible progress made since our Second Progress Report is built upon, in order to transform and promote future excellence in care for the people of Tayside and for those who provide that care.

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[7] Health and Social Care Delivery Plan, Scottish Government, December 2016

Recommendations from AAG Staging Report, June 2017

Actions for the NHS Tayside Senior Executive Team

1. We recommend that NHS Tayside should take urgent and robust action in order to maximise the likelihood of achieving the planned in-year savings and delivery of NHS Tayside's projected financial outturn for 2017/18.

Detailed action plans must have support from key stakeholders and include anticipated financial impact, identified timetables and milestones. There should be clear trigger points for escalation to ensure swift action when delivery is found to be at risk.

2. Over the next three months, NHS Tayside should subject its financial planning framework to rigorous and comprehensive review. This should help to ensure that projections and targets for future years are based on a thorough service by service understanding of cost drivers, risks and opportunities.

3. Over the next six months, NHS Tayside should continue to work with its partners to agree the content and a realistic timeline for completion of the Integrated Clinical Strategy, already in progress. We would expect that the completed Integrated Clinical Strategy would set out a comprehensive and evidence-based case for transformational change. This would build upon the HSCPs' strategic plans for social care, primary healthcare and unscheduled hospital care, taking account of public health imperatives. It should provide a clear strategic direction for acute and community healthcare in Tayside, including the development of Regional Plans.

The Integrated Clinical Strategy should take full account of present and future challenges, including those set out in the National Clinical Strategy, Realistic Medicine and the Health and Social Care Delivery Plan. It should provide concrete and detailed options for long term strategic positioning of NHS Tayside's role within a local and regional setting. We would encourage NHS Tayside to accelerate its work together with HSCPs, Local Authorities, the Third Sector, Universities and other partners.

4. NHS Tayside should undertake an early and comprehensive review of staffing levels across all services and sites, including those delegated to or utilised by HSCPs. This review should aim to clarify key drivers of NHS Tayside's workforce levels compared to peer Boards and to identify safe options for bringing redesigned services and sites within available resources.

5. In relation to service development, the clear focus on optimal drug prescribing and wastage minimisation should continue unabated.

6. Further and appropriate delegation of decision-making to managers and staff at operational level is required in order to ensure that executive director level capacity is released for strategic development and transformation of services.

Actions for the NHS Tayside Board

7. In order to continue to ensure safe and effective services for the people of Tayside in a challenging and changing environment, the Board must ensure early, meaningful and sustained engagement in partnership with its staff, its stakeholders and moreover the public and political representatives.

8. The Board should build on current restructuring of the senior executive team and recruitment of non-executive members, addressing skill-mix gaps, particularly for effective strategic planning and oversight. It should maximise opportunities for induction and development of non-executive members to ensure robust and effective governance and scrutiny of the executive function of the Board.

9. The Board should ensure that the actions [Actions 1-6] recommended for the senior executive team are rigorously scrutinised and governed to ensure effective and timely delivery. Restructuring of its financial framework control systems must ensure that budgetary control is assured for all its functions (see Action 2 above). In particular, leadership and continuous scrutiny of a very high order will be required for all aspects of strategic planning to deliver sustainable transformation over the next five years.

10. The Board must continue to foster and enable leadership development at all levels. As NHS Tayside moves forward, strong clinical leadership will be essential to realise the ambitions of the Chief Medical Officer's Report on Realistic Medicine and the National Clinical Strategy.

Actions for Scottish Government

11. The Scottish Government should ensure that necessary skills, expertise and support are swiftly made available for NHS Tayside in order to address its significant and longstanding challenges. While assisting the delivery of planned short term in-year savings and projected financial outturn for 2017/18, this support should primarily focus on delivering effective transformational change, including an in-depth comprehensive review of existing plans to return NHS Tayside to sustainable financial balance.

12. Implementation of the recommendations in this report should be closely monitored, in order to realise timely and sustainable transformational change in Tayside.

13. In light of our findings, the Scottish Government should consider the potential impact on NHS Tayside of being required to repay the £33.2m of accumulated financial support which is still outstanding and note the potential need to provide further financial support in future years.

14. Learning opportunities arising from the experience of NHS Tayside should be assimilated for the wider benefit of NHS Scotland. This includes the role and contribution of national services support, on the basis of a 'Once for Scotland' approach - as outlined in the recent Health and Social Care Delivery Plan.

AAG Supplementary Recommendations – January 2018 Report

NHS Tayside:

In addition to continuing to implement our ten Staging Report Key Recommendations for NHS Tayside, we offer the following summary observations and ancillary recommendations for consideration:

- NHS Tayside has continued to make progress over the period September to December 2017.

- We suggest that there is much significant work still to be done. Several key projects are now at a crucial point and it is vital that NHS Tayside does not lose the momentum which it has built up over past six months.

- NHS Tayside must ensure it achieves the right balance and equilibrium between programmes of work to produce short and longer-term outcomes. In its pursuit of financial stability, maintaining patient safety and service quality must continue to be a priority.

- Robust governance and leadership will be key to success. NHS Tayside must continue to secure/develop all relevant skills and capabilities required to realise effective transformation.

- NHS Tayside should maximise the benefit from, and continue to secure the on-going contribution of the North Regional Finance Lead.

- NHS Tayside must continue to build and strengthen relationships with partners including IJBs, Local Authorities and other territorial and national health boards. This must be pursued to fully exploit the benefits of effective collaboration on new models of service delivery and best use of resources.

- Forward financial projections for NHS Tayside – both within year and on a five-year basis - should clearly demonstrate service and savings deliverables, underpinned by the Integrated Clinical Strategy and its associated infrastructure and workforce plan.

- The Integrated Clinical Strategy should have clearly understood and agreed objectives and implementation milestones in concert with all partners – with shared and robust governance mechanisms.

- The Integrated Clinical Strategy should maximise the potential of regional planning, working and sharing of resources across the North of Scotland - to ensure best use of assets and optimal provision of primary, secondary and tertiary services.

Scottish Government:

- Scottish Government should continue to hold NHS Tayside to account on a regular and systematic basis, to ensure that the pace of progress is maintained.

- Scottish Government should consider a further and formal independent review of progress of NHS Tayside at some point during the 2018/19 financial year.

- In keeping with recommendation 14 of our Staging Report, the Scottish Government should ensure that the learning points from the work with NHS Tayside inform the development of the new Performance Improvement and Value Framework for NHS Scotland. This should take into account developing an adaptable range of tools and techniques to provide effective and integrated support for improvement across NHS Scotland.

AAG RECOMMENDATION 5: PRESCRIBING

Report from the Scottish Government Effective Prescribing and Therapeutics Team

Report Author: Alpana Mair, Head of Effective Prescribing and Therapeutics

Situation and Background

Due to its financial position NHS Tayside has been provided with support to improve its management of key areas of expenditure with prescribing in primary and secondary care seen as a priority area for review and intervention. Effective Prescribing & Therapeutics Branch (EP&TB) have been working with colleagues in NHS Tayside to review their prescribing action plans for 2017/18. In October 2018 EP & TB were also asked to review plans for 2018/19, and review of efficiency achievements for 2017/18. This paper summarises the EP&TB view of a number of submissions from the NHS Tayside Prescribing Management Group (PMG) in November 2018.

The drugs budget for 2018/19 and the efficiency target have been set by NHS Tayside with collaboration across primary and secondary care with finance and clinical teams and include horizon scanning and projected growth.

Assessment

1. **Prescribing (costs) position 2017/18.**

- The efficiency target for primary care prescribing was £3.5m of which £2.7m (76%) has been achieved. Two key areas contributed to the short fall: off-patent benefits for four drugs were not realised and there were delays in establishing the oral nutritional supplements (ONS) work. NHS Tayside understands that reliance on benefits deriving from medicines coming off-patent remains a high risk strategy, but they are included to provide a comprehensive assessment. These should be realised in 2018/19.
- The ONS work is a medium term intervention which should deliver in the medium to long term. Continued focus should be on the review of patients' needs for ONS which should build on the progress made for nursing home patients led by dietetics.
- Polypharmacy work included completion of 5,641 reviews. This is likely to correlate with the overall volume reduction in primary care medicines dispensed by 0.26%, which is a fall above the Scottish average. Momentum and pace should be built on this success.
- Refreshed formulary compliance reporting commenced with quarter one data for 2017/18. This has resulted in an improving position, which is further confirmed by the 2018/19 quarter one data.
- Quality Prescribing for Respiratory – led by the Respiratory Managed Clinical Network (MCN), the focus here is on decreasing the volume of corticosteroid inhalers, which has translated into significant efficiency savings for NHS Tayside. This more restricted choice of inhalers is an important intervention to improve patient safety, by reducing steroid burden. It also generates efficiencies and is an area that the Board should continue to address.
- Quality Prescribing for Diabetes was included for 2017/18 as gliptin reviews, which delivered limited efficiencies as it was still in the planning stage during 2017/18. The

Diabetes MCN were engaged throughout to support the development of other effective medicines interventions for implementation in 2018/19 for managing patients with diabetes.

- Quality Prescribing for Chronic Pain was included for 2017/18 as lidocaine use review and off-patent benefits from pregabalin. There was over achievement against the lidocaine use target last year. More recent data shows that only 5% of patients prescribed lidocaine are using it long term, which suggests significant opportunity for further efficiencies.
- No finance update has been provided on secondary care prescribing.

2. Prescribing (costs) plan 2018/19

- The PMG presented a Prescribing Efficiency Plan for 2-18/19 which set a target of £5.3m. The year-to-date target of £1.6m has already been exceeded at £1.7m. There are some areas, however, that have not delivered savings to date or where the trajectories have not been achieved. The range of interventions has built on those from 2017/18 and consideration will now need to be given to other actions that may be needed to ensure there is not a shortfall.
- Certain key 2017/18 interventions remain relevant as the work needs more time to progress and deliver. To help coordinate the interventions, arrangements have been established to ensure both primary care and secondary care prescribing reports are submitted to the Performance and Resources Committee for scrutiny on a quarterly basis, starting in November 2018. This may support improved communication and engagement with clinicians and reporting to the Board.
- Polypharmacy reviews are being progressed at pace in 2018/19 and it is anticipated that this will generate a further correlated fall in total medicine volumes by the end of the year.
- Formulary compliance has been shown to improve already in 2018/19 from 90.73% to 91.93%. Improved practice formulary compliance reporting and introduction of the electronic formulary will help this position.
- Quality Prescribing for Respiratory is included in 2018/19 and, through the leadership of the Respiratory MCN, the financial target is likely to be exceeded. The group may want to review this target.
- Quality Prescribing for Diabetes is included with further gliptin reviews. We are aware that the Diabetes MCN has already engaged with the diabetes prescribing strategy but further planning is required, due to the complex nature of the interventions required to deliver improvements. We would recommend that the Diabetes MCN develop a clear action plan to address the opportunities and widen the scope
- Quality Prescribing for Chronic Pain seems to have made more progress in some IJB areas than in others. The lessons from those performing well should be shared with the other areas.
- Secondary care work continues with a challenge to engage with clinicians. The new governance structure and operational structure aims to improve this. PMG is now co-chaired by an Associate Medical Director from secondary care, and this should strengthen the dialogue between teams. In addition, the Board has stated that they are awaiting implementation of HEPMA. In the absence of this, secondary care indicators have been developed for use which uses the HMUD data and the board should consider using this to drive improvements locally.

Recommendations

In summary, good progress has been made against the established targets so far this year. The PMG should continue to focus its efficiency targets and plans on long term gains such as the review of medication which is starting to have an effect on the volume growth, and which also has the benefit of clinical engagement. They should continue to ensure robust modelling and reporting of all factors affecting the final year outturn position.

The new reporting structure that has been put in place in secondary care should make use of the available data and ensure that the work is supported by written reports at review meetings. All reports should feed into the newly established Performance and Resources Committee for scrutiny, on a quarterly basis.

Below is a summary of key recommendations:

- Continue the work that has commenced in 2018/19 such as the review of appropriate prescribing both in the polypharmacy reviews and the reviews being undertaken by therapeutics areas.
- Continue to focus the ONS work on review of patients needing treatment.
- Build on the framework that has now been set up for secondary care to address prescribing and support this with data-driven reports on progress in line with those produced by the primary care group.
- Build on the work that has been carried out with the Respiratory MCN.
- Consider widening the scope of the diabetes reviews to include areas other than gliptins; such as a review of people over 75 who are on sulphonlyureas. This is a patient safety issue. It is important to recognise the clinical skills required to perform these reviews may be in limited supply.
- There are some areas identified where the efficiencies projected may not be realised in the current year and the Board should consider plans to address these areas.
- Ensure that reporting frameworks and information that has been helpful in promoting clinical engagement and driving change in primary care are shared with other IJB areas.

NHS TAYSIDE - KEY METRICS – Presented to the NHS Tayside Board 6 December 2018

Access
• **4 out of the 10 metrics are on track**
• **6 out of the 10 metrics are below target**

Inpatient/Daycase patients waiting > 84 days TTG target as at month end (LDP)	**New Outpatients waiting > 12 weeks target as at month end (LDP)**
Aug 2018 — 2227 ⬇ Sep 2018 — 2667 **Trajectory ≤ 3296** ✔	Aug 2018 — 9926 ⬇ Sep 2018 — 10414 **Trajectory ≤ 11988** ✔
Diagnostics–8 key tests waiting > 6 weeks target as at month end	**% of patients seen within 18 weeks – combined performance**
Aug 2018 — 807 ⬆ Sep 2018 — 570 **Trajectory ≤ 848** ✔	Aug 2018 — 78.2% ⬇ Sep 2018 — 76.9% **Target ≥ 90%** ✘
Cancer Waiting Times 31-day target (LDP)	**Cancer Waiting Times 62-day target (LDP)**
Aug 2018 — 95.6% ⬇ Sept 2018 — 86.8% **Target ≥ 95%** ✘	Aug 2018 — 80.7% ⬆ Sept 2018 — 85.3% **Target ≥ 95%** ✘
CAMHS patients treated within 18 weeks from referral to treatment (LDP)	**Psychological Therapy patients treated within 18 weeks from referral to treatment (LDP)**
Aug 2018 — 33.9% ⬆ Sep 2018 — 38.9% **Target ≥ 90%** ✘	Aug 2018 — 76.3% ⬆ Sep 2018 — 87.1% **Target ≥ 90%** ✘
Drug and Alcohol clients treated within 3 weeks from referral to treatment (LDP)	**% of IVF patients seen within 12 months from agreement to treat to screening (LDP)**
Qtr 4 17-18 — 87.5% ⬇ Qtr 1 18–19 — 78.8% **Target ≥ 90%** ✘	June 2018 — 100% ⬌ July 2018 — 100% **Target = 100%** ✔

Efficiency
• **5 out of the 11 metrics are on track / benchmark**
• **6 out of the 11 metrics are below target / benchmark**

Same Day Surgery Rate	**Pre-operative Patient Stays**
June 2018 — 85.2% ⬆ July 2018 — 89.3% **Benchmark ≥ 87.2%** ✔	June 2018 — 0.08 ⬇ July 2018 — 0.14 **Benchmark ≤ 0.19** ✔
Elective Average Length of Stay in Days – Acute Services	**Emergency Average Length of Stay in Days – Acute Services**
June 2018 — 3.0 ⬇ July 2018 — 3.5 **Benchmark ≤ 3.5** ✔	June 2018 — 6.6 ⬆ July 2018 — 6.4 **Benchmark ≤ 6.9** ✔
Delayed Discharges as at census date (last Thursday of the month)	**Outpatient Acute Services - New : Review Ratio**
July 2018 — 57 ⬆ Aug 2018 — 53 **Target = 0** ✘	June 2018 — 3.9 ⬇ July 2018 — 4.2 **Benchmark ≤ 2.5** ✘

New Outpatient Acute Services Did Not Attend Rate				Re-admission Rate - Tayside Medicine 7 day			
June 2018 12.3%	⬇	July 2018 12.5%	Benchmark ≤ 8.3% ❌	Qtr 3 17-18 73.5	⬆	Qtr 4 17-18 61.8	Benchmark ≤ 53.98 ❌

Re-admission Rate - Tayside Surgery 7 day				Re-admission Rate - Tayside Medicine 28 day			
Qtr 3 17-18 19.2	⬇	Qtr 4 17-18 21.2	Benchmark ≤ 24.61 ✔	Qtr 3 17-18 146.4	⬆	Qtr 4 17-18 131.18	Benchmark ≤ 118.95 ❌

Re-admission Rate - Tayside Surgery 28 day			
Qtr 3 17-18 42.1	⬇	Qtr 4 17-18 45.0	Benchmark ≤ 43.51% ❌

Quality of Care

- **3 out of the 6 metrics are on track**
- **0 out of the 6 metrics are below target**
- **3 out of the 6 metrics have no target/benchmark**

Hospital Standardised Mortality Rate - Ninewells				Stage 1 Complaints Responded to within 5 working days			
Oct-Dec 17 0.91	⬆	Jan-Mar 18 0.89	Baseline ≤ 1.0 ✔	July 2018 84.2%	⬇	Aug 2018 81.7%	Target _ NA

Hospital Standardised Mortality Rate – Stracathro				Stage 2 Complaints Responded to within 20 working days – escalated			
Oct-Dec 17 1.29	⬆	Jan-Mar 18 0.42	Baseline ≤ 1.0 ✔	July 2018 33.3%	⬆	Aug 2018 54.2%	Target _ NA

Hospital Standardised Mortality Rate – PRI				Stage 2 Complaints Responded to within 20 working days – non-escalated			
Oct-Dec 17 0.91	⬇	Jan-Mar 18 0.93	Baseline ≤ 1.0 ✔	July 2018 26.4%	⬆	Aug 2018 42.4%	Target _ NA

Data Quality

- **5 out of the 5 metrics are on track**
- **0 out of the 5 metrics are below target**

% of Acute Inpatient/Daycase Episodes (SMR01) coded < 6 weeks of month-end				% of Maternity Episodes (SMR02) coded < 6 weeks of month-end			
June 2018 99%	⬌	July 2018 99%	Target ≥ 95% ✔	June 2018 100%	⬌	July 2018 100%	Target ≥ 95% ✔

% of Mental Health Episodes (SMR04) coded < 6 weeks of month-end				% of SMR01 Activity with Ethnicity Recorded			
June 2018 100%	⬇	July 2018 98%	Target ≥ 95% ✔	June 2018 84%	⬆	July 2018 86%	Target ≥ 81% ✔

% of SMR00 Activity with Ethnicity Recorded			
June 2018 73%	⬆	July 2018 74%	Target ≥ 73% ✔

	Unscheduled Care
	• **1 out of 1 metric is on track**

A&E patients seen within 4 hour target *(LDP)*	
Aug 2018 95.6% ⬆ Sept 2018 96.4% *Target* *≥ 95%* ✓	

Key

⬆	Improved performance and upward trend from previous months position	✓	Meeting target/trajectory/benchmark
⬌	Static performance from previous months position	✗	Not meeting target/trajectory/benchmark
⬇	Decline in performance and downward trend from previous months position		

SCOTTISH GOVERNMENT RESPONSE TO AAG RECOMMENDATION 14

As noted in the previous Progress Report, published in January 2018, key workstreams in respect of Recommendation 14 involved:

- Documentation of the learning from NHS Tayside to aid informing the development of a Performance Framework; and
- The development of an NHS Scotland Framework which sets out an approach to sustainable performance improvement and value across the Health system

Since our last update, resource has been identified and deployed in the Organisational Sustainability and Value (OSV) team of the Health and Social Care Directorates to progress the development and implementation of this Framework. Key workstreams underway involve:

- Understanding the current practices and policies for engaging with Boards on financial and operational performance and the current toolkit of interventions (both formal and informal);
- Performing a gap analysis between current and best practice in terms of expectations of a health system performance framework;
- Based on the above two phases of work, defining key assessment criteria, triggers for escalation and a toolkit of interventions for each stage of the Performance Framework;
- Creating a documentation bank of key templates and reference documents to frame and guide key communications and engagement with Boards at each stage of the Performance Framework;
- Establishing and implementing framework governance arrangements, including both within SG and any relevant external agencies;
- Establishing and implementing a Performance Framework communications and engagement strategy and plan, for internal SG communications, engagement with Boards and relevant third party agencies;
- Exploring the establishment of digital and IT platforms for supporting an interactive library for the performance framework for all key stakeholders;
- Implementing the Performance Framework.

Initial director level engagement and review of framework development work to date is scheduled for early 2019 and the feedback from this will assist in shaping the key milestones in each of the workstreams above.

The key learning outcomes from NHS Tayside, the engagement with other territorial Boards facing financial challenge and the workstreams outlined above in developing a Performance Framework, together with the key steps being taken to ensure that these lessons are shared effectively to add value, are summarised at a high level in the table below. This involves using our learning to shape both the development of the Performance Framework and day to day interactions.

Focus area	Lessons learned	Adding value through lessons learned
Leadership and governance	• A strong, driven, committed and effective leadership team is essential for each Board, with culture and strategy being driven from the top down. • Accountability and constructive challenge is key at Board and SG level in terms of ensuring all Board members are held to account and that the Board fulfils its purpose and effectively leads and drives the senior management team. • Within SG, consideration and assessment of leadership and governance should be inherent within all interactions with Boards and where this is falling short of expected standards it should be constructively challenged.	• The inclusion of the consideration of leadership and governance as part of formal assessment criteria within the development of the Performance Framework to ensure that it is considered and assessed at least monthly and corrective actions can be agreed as appropriate. • The communications and engagement strategy supporting the Performance Framework will have clear and consistent messaging on leadership and governance which will be shared with all relevant stakeholders. • The Cabinet Secretary has discussed this issue as part of regular meetings with NHS Board Chairs and Chief Executives to ensure messaging around effective leadership and accountability are reinforced and understood throughout the NHS in Scotland.
Addressing the challenge	• As a growing number of Boards enter new territory in terms of addressing the financial and operational sustainability challenges, Scottish Government requires to work collaboratively with Boards to ensure expectations are transparent and clearly understood and that outputs add value and address the root causes of current challenges.	• The 'spirit' of the Performance Framework will be improvement focussed and will promote a collaborative and open dialogue between the Boards and SG. This will involve more frequent, informal engagement with Boards alongside formal director led meetings. • Reporting is designed to ensure 'early warning signals' can be identified and corrective action taken as required. • A review of SG team structure and capacity to provide support to Boards in addressing financial and operational sustainability challenges is underway to ensure that the current resource is aligned with Boards' needs and any gaps can be met with intermediate/ external support until these are more sustainably addressed.

		• The development of the Performance Framework includes steps to create an interactive documentation bank, which will include prescriptive guidance shaping communications with Boards and reference material available to Boards at every stage of the Performance Framework. • All current formal correspondence is in the process of being reviewed to ensure it is aligned with purpose and all new documentation will be created with these objectives in mind.

Financial, operational grip and service reform	• In order to deliver a sustainable and integrated health care system, it is essential for all Boards to ensure that their focus is three fold, encompassing:
	  ○ short term (in year impact): maximising financial and operational grip
	  ○ medium term (1 – 2 year impact): optimising the current service configuration through operational and service improvement
	  ○ long term (2 year+ impact): whole system reform to ensure a sustainable model of care encompassing accountability of individuals to self-manage and accountability of services to improve the health and wellbeing of the population
		• All Boards escalated to Stage 3 or above in the Performance Framework are required to prepare a formal Recovery Plan that confirms how the Board will ensure financial balance and sustainable service provision, including over the three time horizons.
		• Prescriptive guidance on what is expected in terms of the scope and content of a Recovery Plan has been prepared and is being piloted with a number of Boards.
		• The principles of effective recovery planning will be shared with all Boards as part of the communications and engagement strategy to drive consistent and pro-active messaging around addressing current challenges.
		• Workshops are being set up with input from external experts to share learning and experience on transformational change from comparable health systems to promote shared understanding across the relevant SG directorates of the nature and scale of the change and transformation requirements across NHS in Scotland.

Capacity and capability to drive and implement the required changes	• Given the nature and scale of change needed, Boards require to ensure that they are adequately resourced to develop and implement the scale of change and reform required for recovery. • Boards may need external support to identify and secure the necessary specialist skills.	• Boards escalated to Stage 3 and above of the Performance Framework are obliged through their Recovery Plan to provide details and evidence of their resource and programme management arrangements. • Key principles and high level guidelines in terms of expectations will be communicated to all Boards as part of the communications and engagement strategy supporting the Performance Framework.
Early warning signals	• The approach to engaging with and assessing Boards should be focussed on an 'early warning signal' approach, ensuring that issues and challenges can be identified and tackled as early as possible	• The work on developing consistent assessment processes is focused on ensuring that the criteria used to assess Boards are designed to highlight early warning signals in terms of financial, operational performance and governance challenges in order that issues can be identified and addressed as early as possible. • More regular, informal dialogue with the Boards will support in ensuring issues are identified as early as possible.
SG engagement with Boards	• Scottish Government should work to ensure a joined up approach to interaction with individual Boards to avoid duplication of effort to promote a consistent message around the need for an integrated, full-system approach to recovery.	• The current workstreams underway on the Performance Framework promote a more integrated, joined up approach, with work underway involving finance, quality and performance teams.