Dear Duncan

I would once again like to take this opportunity to welcome and respond to the findings of the Health & Sport Committee’s 10th Report, 2013 (Session 4) on “NHS Boards Budget Scrutiny” published on 11 November 2013.

The delivery of efficiency savings remain an inherent component of the overall financial planning process and the Scottish Government will continue to work with NHS Boards to ensure the quality and consistency of service delivery to patients, whilst ensuring value for money and the achievement of financial balance.

2012-13 Financial Performance

The Committee will be aware of the Audit Scotland “NHS financial performance 2012/13” report issued during October 2013. The report recognises that “the NHS has made good progress in improving outcomes for patients” and that “all NHS boards achieved their financial targets in 2012/13”; these were to operate within their Revenue Resource Limit, Capital Resource Limit and meet their cash requirement. In addition to successfully achieving these statutory targets, all NHSScotland Boards received unqualified opinions on the true and fair view of their financial statements, the regularity of income and expenditure and the parts of their remuneration reports subject to audit.

I note the Committee’s continued interest in backlog maintenance and would wish to reassure the Committee of our continued commitment to reduce it, with a particular focus on high and significant risk. We continue to prioritise investment in this area and expect NHS Boards to target activity in this regard through their Property and Asset Management Strategies and investment/disinvestment programmes.

All Local Delivery Plan (LDP) Financial Plans for 2013-14 were completed to agreed timescales, approved and subsequently signed off. The Scottish Government continues to
work with Boards and expects to once again, deliver all financial targets. I would like to thank the Committee (paragraph 76) for recognising the balance required to be struck between the delivery of efficiency savings, the flexibility Boards require to meet local needs, whilst ensuring quality and consistency of NHS services across Scotland.

**The Quality Strategy**

**2020 Vision**

Our vision continues to be that by 2020 everyone is able to live longer healthier lives at home, or in a homely setting.

**The Scottish Patient Safety Programme (SPSP)**

The SPSP continues to play a significant role in delivering the Quality Ambition of no avoidable injury or harm to people from the healthcare they receive. When first established, it focussed on the acute sector and its key objectives were to reduce healthcare associated infection, adverse surgical incidents, adverse drug events and improve critical care outcomes and organisational and leadership safety culture. Its primary aim was to reduce mortality by 15% and adverse events in Scotland’s acute hospitals by the end of 2012 and this was subsequently changed to 20% by the end of 2015.

It is the first time a programme of this kind has been introduced on a national basis and is one of a number of key interventions implemented that is delivering the Quality Strategy.

The SPSP is organised into 5 work-streams: Peri-operative, Critical Care, General Ward, Medicines Management and Leadership. The programme has now extended into Paediatrics, mental health and maternity services.

Healthcare Associated Infections remain a top priority for the Scottish Government and cases of CDI and MRSA have fallen dramatically since mandatory surveillance began. We introduced a new national zero-tolerance policy to non-hand hygiene compliance by NHS staff and established the Healthcare Environment Inspectorate to scrutinise the healthcare environment and promote greater public confidence in health services.

Healthcare Improvement Scotland developed and implemented a SPSP – Maternity Care Quality Improvement Collaborative which was launched on 7 March 2013.

This ground breaking collaborative will support front line staff working in maternity, neonatal and paediatric services to make changes at a local level which will contribute to our aspiration of having person centred, safe and effective services for all of our Scottish mothers and babies.

In order to specifically reduce inequalities in maternal and infant health outcomes the programme will focus on two aspects of care;

- A focus on improving the numbers of women who are referred to smoking cessation services and improvements in the clinical management of risks for those women who are unable

- Reliable recognition and management of post-partum haemorrhage (PPH) resulting in a reduction in the incidence of severe PPH in mothers.
In addition to these two key aspects of care the programme will include improvement work in relation to:

The safe and reliable induction of labour

The recognition and response to the deteriorating condition of babies specifically in relation to reducing hypothermia in new-born babies and subsequently reducing admissions to Neonatal Intensive Care Units.

This work will be delivered as a three year programme built around the framework of a Breakthrough Series Collaborative during 2012-2015, across six 2 day Learning Sessions with action periods between. Every Board in Scotland will be asked to send multi-disciplinary clinical teams from across maternity care settings to the learning sessions and will report process, outcome and balancing measures on the existing SPSP/Scottish Antimicrobial Prescribing Group (SAPG) extranet.

The Scottish Government are committed to ensuring every child has the best possible start in life and to support the range of improvement work related to this agenda within maternity services, and have funded a Midwifery Champion for every territorial NHS Board.

The Quality Strategy

Implementation of the Quality Strategy continues as does progress in terms of positive impacts for patients, their families and carers and NHSScotland staff.

Efficiency and Productivity Programme

In 2012-13 we set an expectation that all public sector organisations would deliver minimum savings of 3 per cent. This meant that, based on baseline budgets, NHS Boards were required to deliver £264 million of savings in 2012-13. For the period April 2012 to March 2013, NHS Boards actually delivered efficiency savings of £270 million (over three quarters of which were recurring) - an overachievement of £6 million. Efficiency savings are retained by territorial Boards, helping to ensure ongoing financial balance and enabling reinvestment in patient care. National Procurement also secured an additional £39 million of savings, the benefit of which was seen across all NHS Boards.

NHS Boards delivered these efficiencies at the same time as making significant improvements to the quality of services. NHSScotland’s portfolio of work around efficiency and productivity seeks to maximise opportunities for quality improvement whilst ensuring sustainability of services now and in the future.

I am delighted to add that, at the time of writing, boards are ahead of schedule to deliver the required efficiencies for 2013-14.

The NHSScotland Efficiency and Productivity Framework provides the overarching framework for the delivery of high quality, efficient healthcare through a number of national programmes:

- Outpatients, Primary and Community Care;
- Whole Systems Patient Flow (formerly Acute Flow and Capacity Management);
- Mental Health;
- Cancer Performance Support;
- Prescribing;
• Procurement; and
• Shared Services (Finance, HR, and Estates and Facilities).

A key priority for 2013-14 will be a refresh of this Framework to ensure that the national programmes continue to reflect the priorities for NHSScotland which are set out in the *Route Map to the 2020 Vision for Health and Social Care*.

As outlined in our evidence to the Committee, these national programmes are led by an NHS Board Chief Executive sponsor and are delivered locally by NHS Boards in partnership with the Quality and Efficiency Support Team (QuEST), based within the Scottish Government. QuEST provides support to NHS Boards to deliver key NHS priorities with a particular focus on achieving these through actions that improve both the quality and the efficiency of services. QuEST works in partnership with NHS Boards to identify, test, sustain and spread innovative and best practice whilst also developing capacity and capability for continuous quality improvement. This unique approach was recognised by the team being short-listed for the UK Health Service Journal's Efficiency Awards.

NHS Boards delivered their efficiency savings through a wide range of programmes of work, which focus on improving the quality of patient care whilst also ensuring services are sustainable for the future. During 2012-13, 20 per cent of efficiency savings were delivered through improvements to clinical services.

In addition to the achievements led by clinical communities, support services have also played an important role in delivering high quality and efficient services. There has been an important move towards sharing services across NHS Board boundaries to reduce waste, duplication and variation. Within NHS Boards, technological solutions and new ways of working are being explored to enable staff to provide a quality service to those they support:

The NHSScotland estate has been optimised to improve services to patients, enhancing services within the community and improving access for a larger number of patients. The environments within which our staff work are fit-for-purpose and encourage effective communication and interaction:

Right across NHSScotland there are excellent examples of efficiency and productivity gains that are supporting the delivery of quality services. In addition to those I have highlighted, many more can be found on the QuEST website at: [www.qihub.scot.nhs.uk/quality-and-efficiency/efficiency-and-productivity.aspx](http://www.qihub.scot.nhs.uk/quality-and-efficiency/efficiency-and-productivity.aspx).

**Future Scrutiny**

Finally, I note the Committee’s intention to repeat the survey of NHS Boards in 2014 as part of its scrutiny of the 2014-15 budget. I reiterate our previous commitment that any information needed by the Committee to perform its scrutiny role will be forthcoming and I look forward to further positive engagement with the Committee on this issue.

ALEX NEIL