RESPONSE TO THE 2015/16 AUDIT OF NHS TAYSIDE FINANCIAL SUSTAINABILITY PREPARED FOR THE PUBLIC AUDIT COMMITTEE

28 October 2016

I would like to thank the Public Audit Committee for this opportunity to respond to The 2015/16 audit of NHS Tayside Financial Sustainability prepared by the Auditor General.

This s.22 report identified key issues regarding the financial sustainability of NHS Tayside. The Board of NHS Tayside has now considered the report, accepts its findings and is determined to address the issues raised with the support of Scottish Government.

Quality and safety is, of course, extremely important as we strive to deliver services for the people of Tayside. However, delivering sustainable models of care within the resources available is also key to the delivery of future healthcare services and Tayside NHS Board is committed to providing services for the people of Tayside which are driven by quality, patient safety and affordability.

I hope this response provides members of the committee with reassurances around the actions Tayside NHS Board is taking to transform and redesign its services and return to sustainable financial balance.

Lesley McLay  
Chief Executive  
NHS Tayside
INTRODUCTION

This report is NHS Tayside’s response to a Section 22 Report from the Auditor General for Scotland for 2015/16.

As an academic teaching Board, NHS Tayside has an international reputation as a progressive organisation with a strong track record in delivering high-quality, safe and effective care for all its patients. The Board has pioneered patient safety approaches over the past decade with a relentless improvement focus on quality and patient safety. Evidence of this includes:

- NHS Tayside scored highly in Inpatient Experience Survey 2016 with 93% of patients rating care as excellent or good
- NHS Tayside met the target to reduce Hospital Standardised Mortality Rate by 20% by December 2015, 12 months early
- Positive findings from HIS inspections in areas of Healthcare Associated Infection and Older People
- NHS Tayside ensures national nursing workforce tools are consistently applied
- NHS Tayside has consistently adopted new medicines as recommended by the Scottish Medicines Consortium to ensure optimum care

BACKGROUND AND CONTEXT

NHS Tayside fully acknowledges that its current operating model is not affordable. This has arisen as a result of a number of factors, including a reliance on non-recurring savings, prescribing and decisions made in previous years regarding service models.

Over the past 10 years, the Board has been heavily reliant on inpatient beds across multiple sites, leading to duplication of service provision in the three localities of Angus, Dundee and Perth & Kinross. This has resulted in a high-cost service model and a large property footprint.

RESPONSE TO ONGOING FINANCIAL CHALLENGES

In response to the ongoing financial challenge, in 2015 the Chief Executive, with the full support of the Board, commissioned a rigorous review of NHS Tayside’s service costs and finance models. This commission included:

- An external financial review
- A cost structure benchmarking exercise against similar Boards
- A property asset review

The findings of this commission provided the evidence that NHS Tayside had a higher-cost operating model in comparison with other similar Boards due to:

- its inpatient care models
- the largest property footprint in Scotland
- a high number of sites (26 hospital sites in Tayside) some with low occupancy and costly workforce models
- an ageing estate (over 60% property asset base in Tayside is more than 30 years old)
- a consistently high number of delayed discharges in some of our acute hospitals
- a higher than average level of administrative and clerical staff

This was referenced in the Auditor General’s Section 22 report on the 2015/16 audit of NHS Tayside where it stated that NHS Tayside has the highest cost compared to all mainland Boards for an average weekly inpatient stay.
The commission’s findings led the Board in 2015/16 to commit to:

- Commissioning of a Five Year Transformation Plan 2016-2021 and One Year Operational Delivery Plan 2016-2017
- Programme of engagement with Scottish Government Health and Social Care Directorate
- Programme of engagement with NHS Tayside staff
- Collaboration with partners, including local Health and Social Care Partnerships
- Establishment of a Five-Year Transformation Programme Board and Executive Group

FIVE-YEAR TRANSFORMATION PROGRAMME 2016-2021

NHS Tayside has developed its first Five Year Transformation Programme which is underpinned by a Five Year Financial Plan. This has resulted in a comprehensive alignment of the Board’s financial plan with its strategic plan.

The five-year programme sets out the strategic transformational plan and is designed to deliver service change over the medium term. This will ensure that the service models developed are sustainable and affordable and will continue to deliver the quality and performance for which NHS Tayside is renowned.

Underpinning the transformation programme is the NHS Tayside Clinical Services Strategic Framework – “Reshaping Clinical Services for The Future”, which sets the direction for the service redesign and transformational change.

Linked to this framework is a series of Board-approved clinical and service strategies and service redesign programmes. They have been developed in partnership with clinicians and they set out new models of care with redesigned workforce models and will ultimately deliver services, care and treatment effectively and affordably. These strategies include Older People, Mental Health, Children and Young People, Cancer and Maternity.

The Five Year Transformation Programme includes an overarching Service Redesign Programme and six workstreams. They are:

- Realistic Medicine
- Repatriation
- Workforce and Care Assurance
- Better Buying and Procurement
- Facilities and Estates
- Property

Every component of our transformation plans is being led by our clinicians to ensure they provide high-quality care. There is an active partnership of senior managers and clinical leaders which is driving and shaping the delivery of the transformation programme and NHS Tayside has also sought support from national and international expert advisers.

Tayside NHS Board has been instrumental in driving the transformation required by establishing a Transformation Programme Board, which will address the issues identified by the Auditor General. This Board meets every four weeks under the chairmanship of the NHS Tayside Board Chairman.
2016/17 FINANCIAL UPDATE

The Board has a five year financial framework (2016/17 to 2020/21) that was approved in March 2016. Against a background of a forecasted baseline allocation of £3.6 billion over that period, the Board identified that it is required to deliver budget efficiency savings of £175 million (4.8%).

The efficiency savings target was frontloaded over the five-year period to recognise the particular circumstances of NHS Tayside, and its ambition to focus on the delivery of operational excellence, minimising inefficiencies and unwanted variation, in the early years of the financial plan. This approach will allow sufficient time for the clinical service strategies to be implemented.

These efficiencies are being delivered through NHS Tayside’s Five Year Transformation Programme and the workstreams that have been initiated.

The Local Delivery Plan for NHS Tayside set a target level of efficiency of £58.4 million (8.6%) for 2016-17 in order to achieve financial balance, including an assumption on delivery of savings from national efficiency initiatives.

Following a robust review of local savings plans, the Board have now approved a revised savings programme which will deliver £46.75m, which is 6.7% of baseline funding. This leaves a balance of £11.65m outstanding.

Work continues to identify options to further reduce this balance, with a specific focus on improvements in prescribing costs and on reducing delayed discharges. The Board is therefore in discussion with Scottish Government about the potential for further financial support in 2016-17 as part of the Five Year Transformation Programme which will return NHS Tayside to sustainable financial balance.

Scottish Government has also confirmed that the primary focus remains on a return to financial balance. A repayment profile for brokerage will be factored into the five year financial plan from 2017-18.

The projected 2016/17 efficiency performance is as a direct result of year one of the Transformation Programme and the traction gained early in 2016 in reducing the cost base.

It reflects a significant contribution to the Board’s planned delivery of a sustainable financially balanced position on a recurring basis over the lifetime of the existing plan.
ENHANCEMENTS DURING LEAVE – Full financial provision has been made by the Board to cover this cost.

IMPROVEMENTS TO WORKFORCE MODEL – More effective deployment of staff and redesign of our administrative and management services means NHS Tayside is forecasting a reduction in staff costs of £4m in 2016/17.

NURSE AGENCY – NHS Tayside is forecasting a 30% reduction which equates to £1.5 million in the use of non-contract agency nursing in 2016/17 against 2015/16 spend. This is based on the successful recruitment of 211 Newly Qualified Practitioners.

SECONDARY CARE PRESCRIBING – Changes to our secondary care prescribing practice has resulted in a forecast reduction of £1.5 million for 2016/17.

PRIMARY CARE PRESCRIBING – NHS Tayside is embarking on a programme to eliminate prescribing variation across primary care. This will result in a £1.3 million saving in 2016/17.

MEDICAL LOCUMS – Implementation of a Direct Engagement model for medical locums will deliver a £600,000 recurring annual saving.

MORE EFFECTIVE PROCUREMENT – A range of initiatives has realised a saving of £773,000 to September 2016 and the programme is on track to deliver £1.6m in 2016/17.

iFIT – The introduction of medical records tracking will result in a better service for patients and a total annual recurring revenue saving of £315,000.

NURSE BANK – Following a recruitment drive, 50% increase in number of staff registered on our Bank, rising from 800 to 1200.

NEWLY QUALIFIED PRACTITIONERS – There has been an increase of 35% in the number of NQPs recruited over the past two years in Tayside.

SHAPING SURGICAL SERVICES – Board approval has been given for the redesign of surgical services, resulting in increased theatre utilisation and better deployment of our workforce.

IN CONCLUSION

In its report The 2015/16 Audit of NHS Tayside, Audit Scotland stated that “NHS Tayside has a transformation programme aimed at increasing the quality, safety and cost effectiveness of services to address the significant challenges it faces.”

NHS Tayside is in year one of this Five-Year Transformation Programme and progress to date would indicate that the decisive actions taken over the past 12 to 18 months will bring the Board into sustainable recurring financial balance in line with the Five Year Financial Plan. In taking this approach, NHS Tayside is fully committed to sustaining the quality of clinical services delivered across the community and in the acute sector with the support of our partners.