OFFICIAL REPORT
AITHISG OIFIGEIL

Public Audit and Post-legislative Scrutiny Committee

Thursday 15 December 2016

Session 5

The Scottish Parliament
Pàrlamaid na h-Alba

Thursday 15 December 2016

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PUBLIC AUDIT AND POST-LEGISLATIVE SCRUTINY COMMITTEE
13th Meeting 2016, Session 5

CONVENER

*Jenny Marra (North East Scotland) (Lab)

DEPUTY CONVENER

*Liam Kerr (North East Scotland) (Con)

COMMITTEE MEMBERS

*Colin Beattie (Midlothian North and Musselburgh) (SNP)
*Monica Lennon (Central Scotland) (Lab)
*Alex Neil (Airdrie and Shotts) (SNP)
*Gail Ross (Caithness, Sutherland and Ross) (SNP)
*Ross Thomson (North East Scotland) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Mary Ballantyne (Angus Cardiac Group)
Lindsay Bedford (NHS Tayside)
Professor John Connell (NHS Tayside)
Sonia Cottom (Pain Association Scotland)
Tony Gaskin (NHS Tayside)
Brian Hogan (Deaf Links)
Raymond Marshall (Unison)
Bob McGlashan (Royal College of Nursing)
Lesley McLay (NHS Tayside)
Lindsey Paterson (PricewaterhouseCoopers)
Maureen Phillip (PAMIS)
Richard Whyte (Unite the Union)

CLERK TO THE COMMITTEE

Terry Shevlin

LOCATION

Dundee City Chambers

Scottish Parliament

Public Audit and Post-legislative Scrutiny Committee

Thursday 15 December 2016

[The Convener opened the meeting at 09:00]

Decision on Taking Business in Private

The Convener (Jenny Marra): Good morning and welcome to the 13th meeting of the Public Audit and Post-legislative Scrutiny Committee. This is the first time in session 5 that a Scottish Parliament committee has met outside Edinburgh. I welcome the members of the public who have joined us this morning in Dundee and thank Dundee City Council for letting us use the city chambers. I ask everyone present to switch off their electronic devices or switch them to silent so that they do not affect the committee's work.

Under agenda item 1, the committee is invited to agree to consider its work programme in private next week. Do members agree?

Members *indicated agreement.*

Section 22 Report

"The 2015/16 audit of NHS Tayside: Financial sustainability"

09:00

The Convener: Agenda item 2 is two separate evidence sessions on the Auditor General for Scotland's report entitled "The 2015/16 audit of NHS Tayside: Financial sustainability". On 3 November, we took evidence on the report from the Auditor General. Given the serious financial issues raised, we decided to meet in Dundee so that people living in Tayside and using NHS Tayside's services would be able to hear directly from their local health board about how it is trying to address those challenges.

Our first session this morning is a round-table discussion with patients groups and trade unions, in which we will hear at first hand their experiences of NHS Tayside. We have three themes, each of which we will spend about 15 to 20 minutes discussing. I ask all members and witnesses to introduce themselves briefly and state who they represent.

I am Jenny Marra, and I am the convener of the committee.

Sonia Cottom (Pain Association Scotland): I am the director of Pain Association Scotland.

Gail Ross (Caithness, Sutherland and Ross) (SNP): I am the member of the Scottish Parliament for Caithness, Sutherland and Ross.

Richard Whyte (Unite the Union): I am a regional officer for Unite the Union.

Ross Thomson (North East Scotland) (Con): I am an MSP for North East Scotland.

Mary Ballantyne (Angus Cardiac Group): I am the chairman of Angus Cardiac Group.

Alex Neil (Airdrie and Shotts) (SNP): I am the MSP for Airdrie and Shotts.

Bob McGlashan (Royal College of Nursing): I am an officer of the Royal College of Nursing.

Monica Lennon (Central Scotland) (Lab): I am an MSP for Central Scotland.

Maureen Phillip (PAMIS): I am the senior director for the family support service in Tayside for PAMIS.

Colin Beattie (Midlothian North and Musselburgh) (SNP): I am the MSP for Midlothian North and Musselburgh.

Raymond Marshall (Unison): I am a joint branch secretary of the Tayside healthcare branch for Unison.

Liam Kerr (North East Scotland) (Con): I am an MSP for North East Scotland and deputy convener of the committee.

Brian Hogan (Deaf Links): I am a committee member of Deaf Links.

The Convener: Thank you very much.

The first of our three themes is performance. Can you give us an idea of what NHS Tayside means to the group you represent, and your group's experience of its services? Who would like to kick this off? Do not all rush at once.

Bob McGlashan: We represent primarily nurses, although in partnership we support other unions with other members of staff. The key issue for performance for nurses is quality of care. That is important to the nursing profession and I would suggest that most, if not all, nurses leave home in the morning to deliver the best quality of care that they can. However, increasingly over the past few years, staff have found that they are not able to deliver the standard or level of care that they are trained to, or want to, deliver for their patients. That is not to say that they are not delivering safe care, but they are not delivering care to the level that they would like to and are trained to.

A number of issues around that are to do with the current status of nurse recruitment. That is not unique to NHS Tayside—it is a national issue—but recruitment, vacancies, and dependency on agencies and bank staff are having an impact on nurses' working environment. That means that their priorities are not always facing priorities for the patients and they are taken away from direct patient care. That has an impact on staff morale, and low morale has become an increasing issue for our staff. We need to look at how we make that group of staff feel valued, because at the moment they do not. We need to increase their morale, because we need those staff to look after us and to plan for the future. Recruitment is a big issue and, as I said, that is not unique to Tayside.

A second issue is about agency staff. NHS Tayside, like other boards, wants to reduce the amount of premium agency usage, but there is a lack of a robust process to replace what premium agency staff are covering at the moment in clinical areas. That is a big challenge and a big stress for the nursing family. Stress is increasing and people are leaving nursing, often because they can leave through natural retirement. However, people who previously had ambitions to stay on in nursing employment beyond retirement age are now choosing to leave when they can and they are not coming back to help through bank nursing, so we are losing that experience at an alarming rate.

The Convener: Do you have members who were on an NHS contract but who have now left to work for agencies and are coming back into the NHS through agencies?

Bob McGlashan: Over the past two years, there has been a huge increase in the number of staff who are coming up to retirement age at 55 or 60 and who might previously have engaged with NHS Tayside on a short-term or reduced-hours contract, but who have moved on to some of the premium agencies and have come back to work through those agencies, rather than for NHS Tayside.

The Convener: How about younger nurses?

Bob McGlashan: There are some younger nurses who, for various reasons, see a nursing agency as an opportunity to have flexibility early in their career, whether for their own lifestyle or perhaps because they have children and an agency or bank can afford them a more family-friendly arrangement than a contract with the NHS can.

The Convener: Is that easy for them to do?

Bob McGlashan: It has been, because agencies and NHS boards are all vying for the same staff who are out there. There has been a huge decrease in the number of registered nurses and there are not enough of them, as I am sure we all know, so everyone is vying to recruit the same nurses every year after graduation. It is a competitive market, but the terms and conditions for nurses at some of the premium agencies far exceed those in the NHS.

The Convener: Are you saying that their terms and conditions are better when they work for an agency than through the NHS?

Bob McGlashan: Yes.

The Convener: Can you expand on that?

Bob McGlashan: Remuneration is one example. In some of the premium agencies, nurses can earn significantly more than an entry-level registered nurse would earn under agenda for change, which governs our terms and conditions. We are hearing from people who are working for some of the premium agencies—I cannot comment on the less-premium agencies—that the training and development programme is also robust. The agencies appear to be investing quite heavily in skills and in training and development, and that brings benefits for the nurses and the patients, and for staff retention. The agencies are not struggling to recruit where other employers are, because of those factors.

The Convener: Would Maureen Phillip like to comment?

Maureen Phillip: I would like to say something about performance. I am here today to represent people with profound and multiple learning disabilities, and their family carers. In 2010, NHS Tayside implemented an improvement plan for people with learning disabilities within the acute hospital sector. Since that plan was implemented, it has been just one of the best things that have improved life for people with profound and multiple learning disabilities and their family carers. From the point of view of our group, that has been really worth while in the acute hospital sector. My worry is that it is dependent on a few people at the top of NHS Tayside, and I would like to ensure that it is fully embedded so that things continue to change.

We feel that NHS Tayside is committed to the education of its staff for the future. This year, for the first time, we were involved in a family carer being used to help train about 300 nursing students at the University of Dundee, and we are involved in the medical student training programme every year and have been for the past five years. That is really positive. For me and the group that I represent, there has been massive change in acute hospitals since 2010. I know that simply because my phone does not ring any more for serious issues. For my group, there has been such an improvement. I would not like that to be lost; I would like it to continue to grow.

I would like NHS Tayside to make more use of the help that the voluntary sector can give it in the training of existing staff in hospital. We have done that to a certain extent with technology. The board tries hard and we are working hard with it to pilot digital passports in the acute hospital sector, but at every step of the way it is hampered by its systems. It has to get round those systems and confidentiality issues. If there was a way of removing all the restrictions that would help NHS Tayside to be even more innovative than it already is, that would be amazing. That would be really good for the future.

There have been improvements in the acute hospital sector, but there are still problems for my group in the community, especially with technology moving fast. I have a lot of families who can now communicate through the use of eye-gaze technology, but because the strategy for learning disabilities sits under mental health, equipment is the last thing that is considered so, when there is any funding, it is not used for equipment. Therefore, children and young adults are not getting what they should get. For me, there is a bit about performance for the future. I would like NHS Tayside to have a wee look at how that can be improved, just to ensure that everybody has equal access. I know that there is eye-gaze technology in schools, so it is not that the technology is not there; it is more about the way that it is delivered. Children get about 10 minutes with the eye-gaze equipment, which is not really long enough. There needs to be a wee bit of innovative or creative thinking about how that can be looked at overall in NHS Tayside.

The Convener: Thank you. You feel that NHS Tayside is making good use of your expertise, but that could perhaps be even better in future.

Maureen Phillip: Yes.

Mary Ballantyne: I would like to add a little to what Maureen Phillip said and the point that Bob McGlashan made about the quality of care that is delivered and the input that some groups can make. I represent Angus Cardiac Group, which is probably one of the most active patient-led groups not just in Tayside and Fife but across Scotland. We have a membership of 400, the majority of whom have heart disease and access primary and secondary care at different times in the health journey. We are really pleased with a lot of the care that we receive in Tayside and Fife health board areas and we try to work hard in partnership with the boards. In primary care in particular, there are a number of frustrations around accessing general practitioners and various things like that—there is nothing different there for us—but the big plea from our group to the committee is that we should be involved more in the consideration of what the board needs to do to try to improve things.

We know what the frustrations are and we are happy to speak about them. We know that you do not have a magic wand and that you cannot fix things immediately but, without a doubt, we need to have some help with access. In secondary care, when people are acutely ill, access is immediate and the care that we receive is impeccable. Tayside has delivered exceptionally on that.

09:15

Just last week, in a different meeting, a consultant—without any prompting—said that, in Tayside, if you need something at that moment in time you will get it. That is absolutely the message that cardiac patients need to hear. There is the golden hour, if you like, from when you start to become ill to when you need to be fixed, so it is great to hear that we can have that.

In primary care, if you phone the GP to say that you feel unwell, it can take the entire day before the GP can return your call to explore your symptoms. That conflict is very difficult and we would like to be involved in trying to resolve it, if we can. It comes back to the point that we are the people with the illness or disease, and we can offer something to help and some ideas on how to come together to fix things.

In the heat of the moment, "What brings you here today?" and "What do you want to happen?"—which, I believe, are the questions that nurses and doctors are now being taught to ask—are two questions that we do not want to hear. It is evident why we are there and it should be fairly evident what we need to happen. It is through feedback such as that that we want to work with the group, to improve the situation for everyone.

The Convener: Have your patients had any issues with waiting times?

Mary Ballantyne: Waiting times are a frustration. In primary care, if you make a phone call to your practice and say that you are ill, it can take the entire working day for someone to come back to you. That is a short snapshot of one day. Let us imagine that at the end of the day the decision is taken that you need to see someone in secondary care. That is where there can be a very long wait.

We know that the lead times to see the consultant or the specialist nurse or whoever it is in secondary care can be 12 weeks and sometimes 18 or 24 weeks. Unfortunately, however, if someone has a chronic condition, during that 18-week period there will not just be a deterioration in their chronic health condition, but they might also be acutely unwell.

Waiting times are a huge frustration. They are getting a bit longer. The average age of people in the Angus Cardiac Group is probably about 75 or 80—I am faring quite well, representing them as a youngster. Seriously, though, for older patients that frustration is terrifying. Now, unfortunately, when they talk to me they say things such as, "18 weeks from now I might be dead or buried. It is a lifetime." If we could shorten that in any way, or signpost to someone else who could see the patient during the waiting time, it would be really helpful, rather than the patient having that period in which no one sees them or talks to them.

Waiting times are getting longer and we need to find a way of inputting during that time, which would make waiting easier. We know that it is probably impossible to shorten them.

The Convener: So that person would be seen not by a consultant but maybe by a specialist nurse or somebody in the community.

Mary Ballantyne: It would be whoever is the expert who is needed at that point.

In the olden days, it was just the consultant, but now there are so many other people in the multidisciplinary team who could be accessed during that long waiting time and might just be able to make that time more bearable and easier for people. That will not cure the situation, but without a doubt people who are dealing with chronic, long-term conditions that are not curable need input of some kind that will make things bearable.

The Convener: Thank you, Mary. That is very useful.

Before I bring in Raymond Marshall from Unison, I ask the witnesses whether we can move to the second theme. You can say what you want to say, but I would like us to touch on the second theme, which is savings. Have you noticed any strains in NHS Tayside recently? How have they impacted on the group that you represent? What do the board's current financial difficulties mean for the group that you represent?

Raymond Marshall: I want to mention the other staff who sit within NHS Tayside. Bob McGlashan mentioned nursing, but I want to talk about the administration and other support staff in NHS Tayside. They are also feeling frustration because they are trying to deliver a good service to the public and they are under constraint because they seem to be an easy target. Everyone is talking about the staff in Tayside; I do not like the term "backroom staff", because those staff are delivering a service and, if it was not for them, a lot of the other services would not run. They feel that they are an easy target for reductions.

Can I go on to talk about savings?

The Convener: Please do.

Raymond Marshall: There is an increased financial constraint on NHS Tayside, which has been there for a number of years. It impacts directly on all our staff, who are being asked to do additional duties and take on additional work. They are being asked to move into areas that they are not familiar with, and that is also being asked of nursing staff. It puts massive pressure on their work-life balance.

We are concerned about the pace of some of the financial changes that Tayside is trying to push. One of our main concerns is about the pace of the instructions that come from the Government on terms and conditions. For example, we are still sitting with all staff in Tayside not being paid what they are due in enhancements during leave. Last week, the group that I sit on was approached to look at that and we were asked to change the approach so that the aim can be achieved by March. That goes back to something that the trade unions suggested in 2012 but which was dismissed.

The Convener: You have members who have not yet received the correct enhancements during leave payments. Is that right?

Raymond Marshall: The majority of staff in NHS Tayside have not received their full payment. Most have not received it all; they have had a part

payment. We have been asked to change how we apply the approach and to go back to something that the trade unions suggested in 2012 but which was dismissed. We are concerned about all the time that has been wasted in looking at the issue.

The board seems to go for big-ticket items such as staffing. We had a reduction of 220 whole-time equivalents in Tayside, which produced the biggest cash saving, but it is not a recurring saving, because we have employed 200 newly qualified practitioners, the cost of which offsets the savings.

We are also concerned about some small-ticket items, because they seem to be implemented without any discussions. For example, the purchase of stationery such as paper was switched off, so staff are hiding paper, because they need it and do not want to leave it in the printer in case someone else prints something. Such things really frustrate staff and I do not think that that helps to push the message about everybody being engaged.

In partnership working, we sometimes feel as though we are being ignored or left out of the loop while decisions are being made by directors, who then ask the trade unions to take forward what the directors are trying to implement. That is a question about partnership working and staff governance. The trade unions are committed to providing help and support through partnership working and our members need to be involved in the decisions.

The Convener: What do you mean by staff governance?

Raymond Marshall: I mean the staff governance standards, which talk about involving staff at the start and not just making decisions and then telling staff what will happen. That is about engaging with staff and involving them in the decision-making process.

The Convener: Is there a good relationship between managers or decision makers and staff?

Raymond Marshall: Not at the moment.

The Convener: Has it been better in the past?

Raymond Marshall: It has been better in the past and we are trying to work through it. Other people have come in to support the process, but the relationship is not as good as it has been.

The Convener: What can be done to make it better?

Raymond Marshall: I think that commitment is needed. Partnership is based on trust as well. We need to build trust because, if decisions are being made without the involvement of staff, that goes against the trust element.

The Convener: I am keen to let everyone speak and then I will come back to Bob McGlashan. Would Richard Whyte like to come in?

Richard Whyte: Yes. My involvement with NHS Tayside as a regional officer is pretty recent. My colleague who retired after dealing with NHS Tayside for 30 years would probably have said different things from me. The only thing that I can draw on in comparison is the seven years that I spent dealing with NHS Highland.

In NHS Highland, I do not think that I ever litigated, and I never had a ballot for industrial action, with the exception of the public sector pensions dispute, which was United Kingdom wide. Sadly, that is not the case in NHS Tayside. I have litigated, and there was a significant 16-week porters dispute, which was before my time. There have been other consultative ballots about management attitudes towards staff in terms of dignity at work.

I feel that something is wrong with the internal culture that requires strong leadership and stronger partnership working to address it. There are difficulties at middle-management level, and Bob McGlashan and Raymond Marshall have touched on how that translates to our members working on the front line, who are giving one of the most valuable public services that anybody can give.

People are being stretched to work beyond their job remits, which causes frustration. There is a deep suspicion about how gradings were done historically, which led to the porters' dispute.

We have a difficulty for sure with morale and with hearts and minds. The financial pressures make that serious. I also deal with many other employers. I have seen the financial impact of austerity on local government and how changes in services are made that do not improve the level of service that is delivered to the public. The cake is being reduced. It has an impact—there is a brain drain when expertise and committed people leave. Bob McGlashan touched on that in relation to nurses drifting into agency work because their hearts and minds have been lost and it is an easier option for them to pick and choose their shifts.

There is a serious concern for the future if we do not package everything together and work jointly and strongly together to change the culture and to deal with things.

The Convener: Do the board's financial difficulties have a specific impact on your members?

Richard Whyte: Dundee is a relatively small city. I know that NHS Tayside goes beyond Dundee, but Ninewells is a big hospital in Dundee

and most of the employees are there. In Dundee, we have people working in the NHS and in the council. Dundee City Council has come through 4 per cent budget cuts and everybody is in a miserable state. They are waiting to see what the announcements will be today in Edinburgh with fear and trepidation that there will be another 4 per cent cut.

A 5 per cent cut over the next five years—£175 million of cuts for NHS Tayside—is an astonishing thing to look at. That is where the concern comes from. People know what a 4 per cent cut in one year did to Dundee City Council last year, so what does 5 per cent over five years in a row mean for NHS Tayside? That is the concern.

The Convener: Does Unite have ideas about how it can help the board to achieve efficiency savings and maintain a standard of service?

Richard Whyte: We have seen the workstreams, which we are involved in, as are our sister unions. Prescriptions have been a target for financial saving for a considerable number of years, but the cost seems to be going up. I do not think that that is happening just in NHS Tayside, but NHS Tayside is a bit of an outlier. It seems that something could be done about that, but I am unsure about why the saving has not been achieved to date.

The other issue is agency staff. Morale problems are not helped when there is an exit door—a revolving door—where people can come and work as agency staff. Unless the internal issue is addressed, the board will still have difficulty in filling posts and having people stay in the posts who are committed to working long term, so it will have to rely on agency staff. Everything has to be fixed at once.

09:30

Bob McGlashan: On staff governance, which Raymond Marshall mentioned, there are principles for employers and employees. The RCN strongly believes that the staff governance principles are good, commonsense principles and, if they are applied, they are quite effective. However, the feeling from members whom we have had contact with over the past two years is that the only staff governance that exists is their responsibility. A lack of seriousness appears to be attached to the organisation's responsibility under staff governance. Redressing that could help.

We are talking about involving people. I do not think that anybody out there is silly. People know that there are financial constraints and that there have to be savings, but a lot of the savings are dictated from the top down. I strongly believe that some of the savings can be identified by our members who are on the ground floor, but there is no engagement with them to ask whether they have any ideas about how we could be more efficient, prevent waste and still provide a good service. That has been lost and the situation needs to be redressed.

Brian Hogan: I am from Deaf Links and I am representing deaf people in the Tayside area. The point that I will make is a tiny snapshot compared with the millions of pounds that we have been speaking about. It is to do with the sign language interpreting services that are provided by the NHS and its local interpreting agency.

In the past, deaf people have been seriously neglected. Deaf people have had hospital stays of two weeks and not once was an interpreter present to explain to them what was going on. They did not know what the operation was and they did not give consent because they did not know what was being said to them. Over the years, we have improved that situation and the numbers of deaf people who have access to an interpreter in hospital and at GP appointments have really improved. As a result, the cost to the NHS of providing that service has gone up.

Recently, the interpreting contract was due to be renewed, but that has been postponed because the contract's value has gone into another bracket and it requires a lot more work. My first concern is about what will happen to that, given the cutbacks. On the other hand, we feel that efficiencies could be made with the interpreting service. It could work a lot better than it does at present and it is another place where small savings could be made. If such small changes were made elsewhere, throughout the NHS, that could be a way of saving some money.

The Convener: Are you saying that, in the services that your members use, you can see efficiencies that could be made without compromising service levels?

Brian Hogan: Yes.

The Convener: Are you looking for greater engagement by NHS Tayside in having those discussions with you?

Brian Hogan: Yes. That is happening to an extent. There are quarterly meetings, and people from the NHS come to the deaf hub in Dundee, which is where deaf people meet. They have discussions with us and ask us questions, and we give answers. Some things take a long time to happen, although that is the case with any large organisation. However, I think that they are genuinely listening.

The Convener: Is that level of engagement, four times a year, good?

Brian Hogan: Yes.

Sonia Cottom: I echo completely what was said by Brian Hogan as well as other people around the table. When we look at cost savings down the line, we see that they are not just about the withdrawal and reduction of services but about changing how we work. The way to do that, particularly with the integration of health and social care, is to embrace partnership working.

The Pain Association Scotland has a service level agreement with NHS Tayside to provide services for chronic pain patients. We are operating under a three-year SLA. After that, it will need to be revised. We recognise that, when it comes to revising that in 2018, we will be dealing with different people because of integration. The problem with that is that we do not yet know about the new personalities who we will have to deal with. We need to make inroads, to speak about services and to sit around the table to ask what service users need.

We will be able to do that only if we are invited to sit around that table and have those discussions, rather than somebody at the outset coming in and saying, "This is what we can do. Here is the evaluation and here are the outcomes and the values. Now you make a decision." There has to be discussion.

A couple of years ago, when the Scottish Government provided funding to every health board to improve chronic pain services, we were disappointed that NHS Tayside was the only board with which we were not involved in discussions as service user representatives, considering all the other discussions that we have had. We certainly need more of that discussion around the table in order to move on.

The Convener: So you do not have the same level of interaction and engagement that involves NHS Tayside listening to your members as, say, Deaf Links does.

Sonia Cottom: No. We have a good relationship in that we provide all the reporting material, but that is where it stops. It is not a two-way conversation. That needs to happen, because there are lots of opportunities out there; for example, we were set up on the Scottish care information gateway referral platform to help GPs to refer direct to our services. That helps to keep patients out of the revolving-door syndrome of re-presenting and avoids potentially unnecessary referrals to secondary care. However, no GPs from Tayside have used that yet.

The Convener: What is the level of clinical care for your members?

Sonia Cottom: All the feedback that we have had from the members who use our groups is that they have been completely satisfied. They feel that they have been in the right place at the right time. There have never been any issues about the length of waits. However, a number of people who are coming to us have said, "I just wish that we had heard about you," because, for all the time that they have been in the system—whether that is in the chronic pain service or with the GP—we have not been mentioned.

The Convener: So there is an issue with clinicians and the NHS signposting patients to you, so that you can come together as a group.

Sonia Cottom: Yes.

The Convener: I have heard something similar from Maggie's centres and other organisations.

Sonia Cottom: In the meantime, patients are being denied a service that can help them.

The Convener: Okay. Would you like to add anything?

Sonia Cottom: No—that is fine.

The Convener: I move on, briefly, to the third theme, which is on what NHS Tayside health services should look like in the future. What services do you think that we will need, and are there any that we will not need? If witnesses would like to add anything, finally, to the subject of future services, they should please feel free to do so. If you feel that you have said what you want to say, that is fine as well, but if you could indicate to me whether you would like to speak, that would be great.

Maureen Phillip: I would like to see the health service move forward. I agree with Sonia Cottom that the voluntary sector is underused. We are always used to thinking creatively, with very little money. We have to do that and have always done so, historically.

How the carer reference group in NHS Tayside's improvement plan works in the acute sector could work in the same way with the integration joint boards. I would like to see the board support co-production and work in partnership with family carers as equal partners in care. Family carers of people with profound disabilities—in fact, family carers in general—are used to living on little money, so they have to be creative. There are people who use the services, and the carer reference group in the improvement plan in NHS Tayside is effective, open and honest. Likewise, NHS Tayside is open and honest in return. I would like to see that model replicated for people with profound disabilities not only in the acute sector but in the primary care sector.

The Convener: And in the integration joint boards.

Maureen Phillip: Yes.

Mary Ballantyne: There is a great discussion on chronic care and self-management in the health arena at the moment. Angus cardiac group would like to work in close partnership not just with our health board but with others to try to shape how we move forward. We need to be a proactive part of the discussions. A little bit of what Sonia Cottom said resonates with us. We need to be in at the beginning rather than trying to deal with the fait accompli. We can contribute.

On savings, we do a lot of fundraising and we try to provide a lot of equipment to the NHS. We are quite happy to continue to do that and to try to support our partners—that is how we see them—but, equally, we need to see a little bit of that reciprocated. If we are working hard to try to put equipment and support into the NHS, we would like to think that we could have an impact on some of the ancillary staff who we depend on so much for making appointments, portering us around to the nurses and the doctors who deal with us when we are sick. We need to be respectful to them but, sitting here today listening to some of the challenges that they face, it seems to me that it is no wonder that there is friction at the coal face when the sick person is trying to liaise with the caregivers and the ancillary team that is trying to support them. We would love to be involved in anything that would support or improve that.

We have been involved in training nurses and doctors to work in partnership, but I wonder whether we need to engage with others, such as the other support staff in the NHS. We could perhaps help or do something that would improve the situation for them. We are good at self-managing our conditions. Maybe we could help a little bit with the hearts and minds of the ancillary and other support teams to show that it is worth their while to go the extra mile. Maybe we can do something there.

The Convener: It is useful to get all that advice on the record.

Raymond Marshall: I want to touch on the future of services. The integration agenda is important in that regard. The trade unions are involved in the three IJBs that sit across Tayside. Part of our concerns relate to there being three IJBs. Are services going to be delivered differently in different areas? Their approaches seem to be different.

09:45

The health part has to be strong in that to ensure that it is delivered the same in all areas. At the moment, the way in which it has been structured and set up is different across Tayside. The concern is whether that will impact on the delivery of services through health.

We fully support the delivery of care as close to a patient's home as possible. That is a good direction and staff are very supportive of that in particular areas. However, will that approach be joined up across the three areas in Tayside, or will we get different services across Tayside?

The Convener: Are you talking about standards of service being the same? My understanding is that integrated joint boards are set up to balance local accountability and that is being done slightly differently in different areas, such as the three areas in Tayside. Are you concerned about the standards of service?

Raymond Marshall: I would hate to say that I am concerned about the standard of care, because my members are delivering a good standard of care, but I am talking about how it is delivered. A service in one area may be delivered in a different way from a service in another area. Health must be stronger because it is the common denominator across the three IJBs. We must ensure that it is delivered consistently for the population of Tayside.

The Convener: Thank you.

Bob McGlashan: I have a quick point on something that Mary Ballantyne touched on. The predominant expectation of service users is that doctors and medical staff will lead on some of those services. To move forward, we must look at enhancements of nursing services and the services of our allied health practitioner colleagues, so that nurse or AHP-led services can fill some of the gaps and provide what I would consider to be the same level of service to the patients. That would have an impact on the costs for NHS Tayside.

The Convener: Would anyone else like to add anything?

Alex Neil: From what we are hearing, there seems to be a general degree of satisfaction with the level of health provision in Tayside and the issue seems to be about resource management in NHS Tayside. The figures show an increased use of agency staff, and that has been a major contributing factor to the deficit accumulation over recent years. Bob McGlashan outlined the problem very articulately, but what is the solution?

As a former health secretary, my understanding is that the cost of agency nursing—I make a distinction between bank and agency nursing—is about 180 per cent of the cost of the nurse and the agency takes a fair chunk of that, although the nurse gets a bit more than they would get in NHS Tayside. I set up an initiative that does not seem to have gone anywhere—sometimes that is the case when you try to make things happen in the health service—whereby the agency function would be brought inside the NHS and any profit

would be recycled inside the NHS. It is ridiculous that private profiteers are profiting from the stresses and strains that we face in health. It is easy money, to say the least.

What is the RCN's solution to the problem? Someone once said that Mrs Thatcher liked people to bring not just the problem but the solution. What is the solution, Bob?

Bob McGlashan: I do not have the definitive solution.

The Convener: It is a big question, Bob.

Bob McGlashan: I know. I certainly cannot knit nurses—if I could, I would not be sitting here but would be sitting somewhere nice and sunny, spending my money. There is no single solution. We have got to chip away at the problem.

I have had discussions with Lesley McLay recently about how we move forward in narrowing the gap, particularly in relation to people leaving and going to the agency, rather than taking a shorter-term or shorter-hours contract in NHS Tayside.

Alex Neil: Do you agree with bringing the agency function inside the national health service, rather than using profit-making companies?

Bob McGlashan: I cannot comment on that.

Alex Neil: Go on.

Bob McGlashan: We have a workforce in NHS Tayside that has serviced NHS Tayside and delivered care to patients for a number of years and there is a huge bank of invaluable experience there, which has been built over a long period. We lose that if those people go and work elsewhere—if they work for the agency, they do not necessarily have to work for NHS Tayside but could be working anywhere in Scotland.

Alex Neil: The vast bulk of the work that such agencies get is from NHS Scotland. They are making vast profits from NHS Scotland and contributing to the problem. There is no added value, because NHS Scotland could manage that agency just as well if not better. If we were managing our own resource, it would surely be better for everybody. Would that be part of the answer?

Bob McGlashan: Part of the answer is to look after the staff we have who are coming up to retirement and to look into the reasons why staff are leaving the NHS—it is not just retirement—and address those issues. We need to build morale and look into incentives for people to come back to NHS Tayside, for example by offering flexible working. That is not unique to Tayside. With recruitment constraints, the vacancies and the lack of nurses, everybody is vying for the same pool of graduates.

Alex Neil: We are not bringing in enough trainees.

Bob McGlashan: No, we are not. I was just coming to that. We are not bringing enough trainees through. That relates to a workforce plan that was done about 10 years ago or more that determined that we would need fewer nurses. However, it has been proved over the past two to three years that those figures were inaccurate because they did not take into account the age profile and the number of people who would be retiring.

Alex Neil: Or the complexity of the patients.

Bob McGlashan: There are ways to look at how to retain the people we have. How do we make the staff in NHS Tayside feel valued? A number of people who have left the NHS in the past two or three years have come to us for advice, not to make any formal approach but to say that their employer had not valued their last two or three years' service. Something has changed and I cannot pinpoint exactly what it is. That is how people are feeling, so when they reach 55—still very young—and can take their pension, they are looking to move to another employer, such as an agency, to continue to deliver care. It is about addressing that.

I do not have a one-size-fits-all answer, but it is about valuing the staff we have and making staff feel valued right up to the end of their career, which will hopefully lead to benefits for NHS Tayside as well as the patient groups, who will retain that experience in some shape or form. That does not appear to be happening at the moment.

Alex Neil: Thank you.

The Convener: For the record, I agree with Alex Neil's suggestion that we have created a market in nursing where there is no need for one.

I thank witnesses for their time this morning. Giving evidence to a committee on such an important topic can be daunting, but your contributions have been extremely valuable, both for the members and for those sitting in the public gallery. They put the report into its proper context.

I will suspend the committee for five minutes to allow for a changeover of witnesses.

09:52

Meeting suspended.

09:58

On resuming—

The Convener: We now move to our next evidence session on NHS Tayside. I encourage members and witnesses to keep their

contributions as short and concise as possible so that we can get through all the issues. If necessary, I will intervene to move things along.

I welcome to the meeting from NHS Tayside Lesley McLay, chief executive; Professor John Connell, chair of the board; Lindsay Bedford, director of finance; and Tony Gaskin, chief internal auditor. I also welcome Lindsey Paterson and Gillian Collin, both from PricewaterhouseCoopers, which Audit Scotland appointed to act as the external auditor of NHS Tayside.

I invite Professor Connell to make a brief opening statement before members ask questions.

Professor John Connell (NHS Tayside): Thank you, convener.

I thank the committee for the opportunity to make a short statement. I appreciate that it will wish to explore a number of issues that arise from the Auditor General's section 22 report. I assure members that my colleagues and I want to answer your questions in a transparent and constructive manner.

For the record, I became chair of NHS Tayside a little over a year ago, which was midway through the period of the section 22 report. I was a clinician with around 40 years of experience in the NHS. At the start, I assure the committee of my personal commitment to ensuring that the board sustains high-quality, safe and effective health services for our patients, their families and our communities across the region. That is vital.

In the past 18 months, a major review has been undertaken to understand why Tayside NHS Board is in its current financial position. That has allowed us to develop plans to address that position in the manner that is described in our transformation programme. Time is limited so, rather than spend too much time on that, I will keep my statement short and allow the committee the opportunity to explore the issues that it has. However, I should state that, in developing our understanding of the current position and building our plans, which are credible in terms of financial stability, we have worked very closely with the Scottish Government. I acknowledge the support that we have received.

10:00

We have also worked very closely with health and social care partnerships, local authority colleagues and third sector organisations to build a sustainable and affordable set of services for our community. It is vital that we develop our plans in partnership and are fully committed to partnership working with staff organisations.

The board should acknowledge that, prior to our partnership review, which was jointly commissioned by our director of human resources and our employee director, difficulties were experienced in partnership working and relations with trade unions, but the situation is improving and work has progressed over the past 18 months. I can say that with some confidence, as I attend all our area partnership forum meetings, which are co-chaired by our employee director and our chief executive. That positive work has been recognised by the Minister for Mental Health, who attended our annual review earlier this year and commented on the improved partnership working, which had been noted. As recently as last week, our staff governance committee received a formal assurance that there was engagement and positive development of partnership working. However, my colleagues and I are happy to address questions that members might have in that regard.

We have a very close relationship with the University of Dundee in an academic health science partnership, which allows us to address issues to do with training and the retention and recruitment of clinical staff, particularly nursing staff, AHP staff and medical staff. That partnership offers clear opportunities for all our staff to drive innovation in health service delivery.

In summary, we acknowledge that running a deficit is not acceptable and must be addressed. The committee has my personal commitment as chairman of the board that the board has an unremitting focus on a return to financial stability. Our five-year transformation programme actively addresses our financial position in a credible and structured way. It is led by our clinicians and is being developed in partnership with our trade unions. We have good evidence that that approach is already working. We have traction with improved financial metrics, which we are happy to demonstrate to the committee.

We have always delivered to the people of Tayside safe, high-quality and effective clinical care and treatment that are built on positive staff experience, and that will not change.

The Convener: Thank you very much, Professor Connell. I invite Gail Ross to open the questioning.

Gail Ross: I thank Professor Connell for his helpful opening statement.

The Auditor General gave evidence to the committee on 3 November. I refer to the *Official Report* of the evidence session. Professor Connell touched on this issue in his opening statement. The Auditor General said then that NHS Tayside

"is in discussion with the Scottish Government about its financial position."

Can you update us on those discussions, please?

Professor Connell: Yes. I will start off by giving the committee a brief context and then pass over to the chief executive, Lesley McLay.

We have regular meetings and discussions with the Scottish Government, particularly with the director of health finance, Christine McLaughlin, and the director of performance and delivery, John Connaghan. As recently as yesterday, Lesley McLay, Lindsay Bedford and I had meetings with those two people to discuss our financial plans for the future. We have presented to them our plans for the current financial year, which they have approved, and our plans for the next five years, which include the full repayment of any outstanding brokerage over that period of time. They have agreed that it is a credible plan that they are happy to support.

I will pass over to my colleague Lesley McLay for her to give further information on that.

Lesley McLay (NHS Tayside): The detailed conversation that we have had with the Scottish Government has included discussing getting the board back into financial balance. The view was that we needed to work hard on building our five-year plan this year in particular. The discussions on the payback will therefore commence from 2017-18 and beyond. However, we are confident that, with the work that we have done to date, we will be back in financial balance within the five years of our five-year plan—this is year 1—at the end of year 5.

Gail Ross: Okay. Thank you for that.

In the evidence session that I mentioned, the Auditor General said:

"A repayment plan is part of the conditions for brokerage.

In this case, it appears that the repayment plan was not realistic."—[*Official Report, Public Audit and Post-legislative Scrutiny Committee*, 3 November 2016; c 29, 33.]

Why did that ever come to pass? You now have a payment plan in place, but why was the first one not realistic?

Lesley McLay: I think that there were a number of factors. The work that we have been doing—particularly over the past 18 months—has allowed us to develop a deep analysis of the service models that we deliver to the population of Tayside. Our model has a high number of in-patient facilities: we have 26 hospital sites and we deliver care from more than 440 locations. We have also had a historical focus on in-patient models of care. As much as we have been, and are, continuing to develop our community and primary care new service models—you heard about some of those earlier—we have still retained a high number of in-patient beds, some of which are in very small units with low occupancy rates. Our work, over the past 18 months in particular, has given us a far greater understanding of why the cost pressures are being experienced by the board.

The view was taken that we want the change to be led by our clinicians and that we want our public to be involved and engaged. We fully recognised that we were not going to turn the situation around within the first 12 months. Five years may feel like a long time—I fully understand that point of view—but it is really important that we get this right. It is important that our clinicians lead the change with us and that the change that we make is sustainable for the population of Tayside, hence the reason why the Government has agreed with us that the change should take place over a five-year period.

Gail Ross: Okay. The Auditor General's report of October said:

"The board is projecting a potential deficit of £11.65 million ... for 2016/17".

However, the financial report in your minute of the board meeting of 1 December says that

"this could be an £18 to £20 million shortfall at year end. Despite best efforts, things were still not improving, there was an ongoing overspend month on month and there had to be an acceleration to make the necessary savings".

The board went on to

"note the current position and support the actions being taken to contain spend."

It seems that, in two months, we have gone from a serious position to a very serious position. Are those actions being accelerated, as was recommended in the financial report, and is that a final estimate for the year end or is there a possibility that things might get even worse?

Professor Connell: I will start on that question and will then pass it over to my two colleagues.

You are right in saying that the board always wishes to give careful scrutiny to financial projections. The board is aware of the need to hit a target of £11.67 million by the end of this financial year, and it is aware of the need to have an accelerated programme to deliver that. That programme is in place; if you would like further detail on it, I could pass that over to Lindsay Bedford, our financial director. Having met the Scottish Government yesterday, we are confident that our planning assumptions should see us hit that target by the end of the financial year.

Mr Bedford may wish to give you details of our accelerated plans.

Lindsay Bedford (NHS Tayside): At the board meeting at the end of October, we took to the board a range of forecast outturns and a further actions paper. The further actions centred around the benefit that the board will receive from

employing in excess of 200 newly qualified practitioners, which will alleviate the level of non-contract agency spend that the board has been incurring in the first half of the year and will have a significant impact in the remaining months. The Auditor General's report also touched on the position on prescribing, and we have a further range of actions in our accelerated programme that will deliver benefit in this year but, more important, will deliver a significant recurring benefit going into 2017-18.

Colin Beattie: My first question is for the external auditors. On 2 December 2015, PricewaterhouseCoopers gave evidence that a substantial portion of the deficit was comprised of pension fund deficits and increased national insurance costs. I understand the national insurance costs, but I have seen no reference to pension fund deficits having to be funded by the board—that is not referenced in any of the other documents that I have here. It is not referenced by Audit Scotland specifically as a cause of the deficit and it is not in your own management reports. First, was the evidence that was given correct? Secondly, how do you account for pension fund deficits?

Lindsey Paterson (PricewaterhouseCoopers): As far as the evidence that was given on pension fund deficits is concerned, I do not have that information to hand, so I am afraid that I cannot answer that question.

The Convener: Can the internal auditor answer that question?

Tony Gaskin (NHS Tayside): No. The only thing that I can think of—this is speculation—is that the level of—

Colin Beattie: We are not here to speculate. This is a pretty basic thing. We are talking about millions of pounds of deficit. I want to know how it is accounted for.

Tony Gaskin: I did not make that statement; I do not know why it was made.

Colin Beattie: Convener—

The Convener: I think that the finance director, Lindsay Bedford, wants to come in.

Lindsay Bedford: That does not reflect the pension fund deficit; it reflects the increase in employers' superannuation contribution. All boards had to increase those contributions in 2014-15. That increase applied to all boards across Scotland.

Colin Beattie: But the evidence that was given on 2 December 2015 separated the increased national insurance costs from the pension fund deficits that had arisen as a result of the revaluation of the pension. Was that evidence correct? How are you accounting for pension fund deficits?

Lindsay Bedford: The boards account for any change through the increase in the employers' contributions. The superannuation rate increased in 2014-15 and the national insurance increase came through in 2015-16, so in both years—

Colin Beattie: We are talking about totally different things. I understand the increase in the national insurance contributions. What I am trying to get to the bottom of is whether the evidence that was given by PricewaterhouseCoopers on 2 December 2015 was correct.

Professor Connell: My understanding is that health boards do not directly fund pension funds, which are dealt with by the Scottish Public Pensions Agency. The costs of the pension fund are met by superannuation contributions, which rose, as our finance director pointed out, but that is not the same thing as having a pension deficit. I suspect that the statement that you are citing might be a misstatement by PWC.

Lindsey Paterson: It would have been my colleague who gave that evidence.

Colin Beattie: It was Kenny Wilson.

Lindsey Paterson: Yes. Quite rightly, pension fund deficits are not on the balance sheet of an NHS organisation. I would need to clarify the evidence that my colleague gave and come back to you.

Colin Beattie: I would appreciate that.

The Convener: It would be very helpful if you could write to the committee with that information.

Colin Beattie: We have looked at the historical evidence—as an audit committee, we look backwards. Is there not every evidence of management incompetence and fiscal irresponsibility on the part of NHS Tayside over a period of years? Over the next five years, you will have to find the better part of £200 million. That does not seem like good planning from years back.

Professor Connell: I will start off, then I will pass over to Lesley McLay.

As Mr Beattie pointed out, the situation did not arise overnight; it has arisen as a result of a substantial number of years of operational models that did not recognise the true financial situation that NHS Tayside was in. As our chief executive pointed out, the model that has been operated in Tayside has been overreliant on in-patient beds, running an excessive number of sites over what was necessary to deliver healthcare for the population's needs in the 21st century. In earlier years, perhaps running up to 2012, the health board balanced its books on the back of asset

sales and other manoeuvres, which meant that it appeared to be in financial balance when, in fact, it was living outwith its means. That has now been recognised, so I believe that there is competence from the point of view of having transparency over the accounting, understanding why there has been an unsustainable position and putting in place credible plans to address it.

The Convener: You say that that has now been recognised. How long have you been in the job?

Professor Connell: I have been chair of the board since October 2015.

The Convener: For how long have you worked for NHS Tayside, Ms McLay?

Lesley McLay: Five and a half years.

The Convener: As chief operating officer?

Lesley McLay: I spent two and a half years as chief operating officer, and in December 2013 I was appointed as chief executive.

The Convener: Mr Bedford, for how long have you been with NHS Tayside?

Lindsay Bedford: I have been with NHS Tayside for 33 years.

The Convener: So you will have been well aware of issues in the past.

Colin Beattie: In its annual report on NHS Tayside for the year that ended on 31 March 2016—the report is dated June 2016—PWC questioned the sustainability of the financial situation and the uncertainty. That was only weeks ago, and now you are saying that everything will be fine and that you will find £200 million over the next five years. It is hard to see the evidence for that.

I have seen all the stuff that you have sent us on financial sustainability, but your five-year plan is not that strong.

Professor Connell: I would argue that it has been developed in conjunction with the Scottish Government and has evolved over the past year. I believe that it is robust and credible.

I put it to you that, in this financial year, we are looking to achieve savings of £46.7 million, and I believe that we will deliver that. In the context of NHS Tayside's budget, that is an unprecedented saving to achieve. The balance between recurring and non-recurring savings is moving in the direction that I think is appropriate, which is towards recurring savings, so I believe that our future plans are credible.

10:15

Colin Beattie: Given the level of savings that you have to achieve, what impact do you anticipate there being on the patient experience?

Professor Connell: You will recall the commitment that I gave in my opening statement: NHS Tayside is entirely committed to sustaining safe and secure services for patients across our region. I do not anticipate there being an impact on the current level of services. Our service performance has not been affected thus far by our financial position.

Liam Kerr: Before I ask my substantive question, I want to pick up on a point that was just made. About 15 years ago, a task force produced a series of recommendations about how to avoid getting into the situation that you are in. It sounds as if many members of the senior management team were part of that task force. Is that correct?

Professor Connell: I am afraid that 15 years ago is somewhat before my time in Tayside. At that time, I was working in Glasgow, and I think that our chief executive was also not in Tayside at that stage.

Liam Kerr: But Mr Bedford was.

Professor Connell: Mr Bedford would have been a junior member of the finance team at that time.

Liam Kerr: Is there a question mark over the situation that has resulted? It seems that the senior management team, who were in post, presided over it. Would that be fair to say?

Professor Connell: It would be fair to say that the model that was operated in Tayside was appropriate for the time in question. At that stage, Tayside was operating on a different allocation of central funding, through the NHS Scotland resource allocation committee formula. I believe that it was spending money appropriately on the type of care that was appropriate. What it did not do was recognise the change in circumstance around the move towards a form of care that was more based in the community and less on in-patient sites—that is something that has happened since 2012—or come to terms with the fact that, relatively speaking, it had had a fall in its NRAC financial allocation. I believe that those two factors were unforeseen.

Liam Kerr: I have three questions, which I shall just fire at you in order to keep things brief.

It is expected that there will be efficiencies in areas that include drugs and prescribing. I understand that NHS Tayside's prescription costs are the third highest in the country. Why are they so high? Why was the initiative started only at the beginning of October? How are the efficiencies

going to be achieved in drugs and prescribing, and what impact will that have on service delivery?

Professor Connell: Again, I will start and Lesley McLay can add more detail. I rebut the allegation that the initiatives started only in October. NHS Tayside has an active medicines management programme, and has done ever since I have been chair. Specific initiatives that focus on some aspects of prescribing began in October, but we have been actively engaged in medicines management ever since I have been chair, and before that time.

The reason why our costs are high in comparison with those in the rest of Scotland is complex. It involves a number of factors, including the fact that Tayside does things better in some areas, such as identifying patients with complex chronic illnesses who require prescriptions. I can give you an example of that: due to very good general practice performance, Tayside treats more patients with atrial fibrillation than any other health board in Scotland, per head of population. That incurs a cost, but the benefit of that is that we see a much lower rate of stroke in Tayside than is the case in the rest of Scotland. We can balance a prescribing cost that we incur now with a long-term benefit in terms of stroke incidence. That output is something that patients appreciate, because it lowers their risk of stroke—there is a direct patient benefit.

Liam Kerr: But if you undertake efficiencies, you will stop delivering that, will you not?

Professor Connell: No. What we will do is focus on areas in which we have evidence of waste and variation, so we can sustain the high-performing areas of prescribing and focus on the areas that we believe are amenable to cost constraint.

My chief executive can tell you more.

Lesley McLay: We have looked at a number of areas where we believe that we can make changes, supported by our clinical colleagues. In particular, we have a pathway where a typical type of pain-relieving drug has been identified and is being used in excessively high volumes. Through work with primary care practitioners, we have found alternatives to that type of drug. Tayside has high usage of Pregabalin, a very costly pain-relieving drug, so some of our work with secondary and primary care physicians—because it is important that they work together—is to identify formulae for other drugs that would have the same quality of impact on the patient but would not be expensive. Those conversations have been going on for a number of months this year, and we are now actively promoting changes in those pathways.

Liam Kerr: When will they conclude and how much will be saved?

Lesley McLay: We have a detailed plan of initiatives that we will have in place by the end of March, so we will be doing that over the next four months.

Liam Kerr: Reliance on agency staff is up by 39 per cent in the past year. Why does NHS Tayside have such a high reliance on agency staff, why has nothing been done before, and how long will it be before it is sorted out?

Lesley McLay: First, I can update the committee. NHS Tayside has a 30 per cent reduction today in the number of non-contract agency workers that it is using since this time last year, so significant work has been done by the board about those concerns, as you heard from our colleagues this morning. From our perspective, a key objective of the board is to reduce the number either down to zero or to a point where a non-contract nurse would be used only according to a risk-assessed plan. We have been doing a huge amount of work on recruitment and, as my colleague said, we have been successful this year and have recruited more than 200 newly qualified nurse practitioners, who are now all fully within the system.

We are going to continue to look at how we can reduce that spend. We invested in an e-rostering solution two years ago and have been working in partnership with colleagues, trade union colleagues and clinicians, and we are now in the process of fully rolling out that e-rostering solution. By the end of December, it will be fully rolled out across all the wards at Ninewells and at Perth royal infirmary. It is already at Ninewells and we are in the closing stages of implementation at PRI.

Implementing that solution has allowed us to give much more detailed analysis of how we are deploying our nurses, and there are undoubtedly areas where we can be much more efficient with that deployment. Examples include annual leave and time out management. As we have heard, it is very important that staff get time off, but we need to help them plan how to do that throughout the year. Our work on e-rostering is giving us far more detail. It allows us to take a helicopter view. This year, we have also introduced huddles four times a day, where all our nursing staff and support colleagues come together, both at Ninewells and at PRI, to look at the staffing levels in the wards and whether those levels need to be raised because of the acuity of the patients. I can also advise the committee that NHS Tayside fully implements the national nursing workforce tools, which has clearly increased the level of nursing resource that we are placing in our wards.

Liam Kerr: I have been led to believe that there is a performance-related extra payment for senior management. Are you able to comment on that? If there is some kind of performance-related pay, against what benchmark is it measured and what performance is being rewarded?

Professor Connell: I will start with that and then pass you over to my colleague for more details. Senior management staff in the NHS are paid outside the agenda for change arrangements. They are paid on a different, centrally managed, ministerially directed pay scale. All those staff are subject to evaluation on an annual basis, and any approval of performance-related pay, which is what you are describing, is given by the national performance management committee. All staff are appraised annually against a whole series of objectives, including the delivery of clinical services, management of resource, management of staff working under their direction, and contribution to the objectives of NHS Tayside. Based on that performance, they will be awarded an uplift in their pay, which is reviewed and approved centrally by the ministerial committee. It is not finally approved by NHS Tayside. In the year in question, 66 staff received a payment, incurring a total cost to NHS Tayside of £87,000.

Liam Kerr: You were going to pass over to your colleague.

Lesley McLay: Professor Connell has covered most of it.

The Convener: If you do not have anything to add, that is okay.

Lesley McLay: If there is anything that we have not covered, I am more than happy to answer.

Liam Kerr: Just to confirm, 66 senior management staff have received an extra payment over and above their salary for performance. What are the benchmarks? Can you give me any examples of what the senior management delivered to NHS Tayside in order to receive that uplift?

Lesley McLay: Within that group there are different levels of grading. A high proportion of the 66 had a fully acceptable performance, which means that they had delivered on their objectives. Each of the senior managers had core objectives and then they had specific ones that were relevant to their specialty. The core objectives include deliverables around clinical care, financial governance and workforce, and then there are specific ones. Within that cohort there are e-health colleagues and HR colleagues with agreed objectives in their particular area that are added to the others to make a total of eight objectives. There is a scoring mechanism for the decision about where people land, which is graded for every single objective. Therefore, there is a cumulative score that determines whether that individual lands in a performance range that is not acceptable, fully acceptable, superior or outstanding.

Liam Kerr: Did you and Mr Bedford receive a performance-related uplift?

Lesley McLay: In 2015-16, I was given a fully acceptable performance rating.

Liam Kerr: What is the view of the external auditors on the performance-related payments, if any?

Lindsey Paterson: From our perspective, due process was followed in determining the performance-related payments. We do not audit the awarding of the pay performance ratings.

Liam Kerr: Mr Bedford, did you receive a performance-related uplift?

Lindsay Bedford: I did. Like the chief executive, Lesley McLay, I was awarded “fully acceptable”.

Colin Beattie: It seems to me that we are rewarding people for doing their jobs. To me, “fully acceptable” means that you have done your job; it does not mean to say that you have done something additional that necessarily merits any sort of bonus or additional payment. Especially at the moment, when we are looking at a situation where there seems to be clear evidence of management incompetence over a long period and fiscal irresponsibility, does it not send an odd message if we are rewarding people for doing their jobs?

Professor Connell: I will pick that up. First, I remind Mr Beattie that the performance is not based entirely on financial metrics; for many staff it relates to managing issues such as e-health, HR and clinical delivery. I think that it is very reasonable to assess staff across a range of metrics.

Colin Beattie: But is it not sending the wrong message while NHS Tayside is in the present situation?

Professor Connell: You may comment that, but we are using a system that is used across all health boards. Staff in senior management positions are not part of agenda for change, and all health boards are obliged to assess senior managers using that system. If their performance is deemed acceptable—and I believe that there is a robust system for the assessment of that—an automatic payment is made that is approved at ministerial level.

Colin Beattie: Given all the cost overruns here, people have more money available to achieve the targets and reach acceptability. Surely if you were comparing like for like across the NHS, you would

be looking at other health boards that are in a tight financial situation, managing it and still delivering the care.

Professor Connell: Annual data are produced that compare staff performance across all health boards. I cannot look at other health boards by name because they are given an anonymised number, but what I can tell you is that the evaluation of staff in Tayside is not in any way above average—indeed, it is probably slightly below the national average for assessment of staff managerial performance over the year in question. I believe that there has been a recognition that staff have delivered an acceptable performance but that there are challenges in what they have to achieve.

Colin Beattie: I still find it difficult to get my head around people getting a bonus for acceptable performance. That would certainly not happen in the private sector. To get a bonus, you have to achieve something—to exceed your targets or exceed what you are expected to do—in order to qualify.

Alex Neil: I will go back to the figures on the deficit and the so-called brokerage, which is really a debt to the Scottish Government. First, can you clarify whether I am right in saying that your estimated savings for financial year 2016-17 are just over £46 million?

10:30

Lesley McLay: That is correct.

Alex Neil: Am I also right in saying that you are projecting a deficit for this year of just over £11.6 million?

Lesley McLay: Yes.

Alex Neil: The Auditor General's report earlier this year said that the projection of total savings as a percentage of baseline resource funding was 8.4 per cent. Does that £46 million represent 8.4 per cent?

Lesley McLay: No.

Alex Neil: What is the percentage now?

Lesley McLay: The £46.7 million is 6.7 per cent.

Alex Neil: Have the savings gone down by about 25 per cent since the Auditor General's report?

Lesley McLay: No. When NHS Tayside was putting its financial plan in place for 2016-17, in order to break even and financially balance the books, the board was required to save in the region of £58 million, which it is correct to say was about 8.7 per cent. At that time, planning was happening across all the boards in Scotland, which provided an opportunity for sums of money from national initiatives to be included in the boards' financial plans. We built that in. At that point, we were building into our work what we believed we could successfully deliver in the year, which was coming in at £46 million. There was an additional sum on top of that, which we would draw down from our contribution in order to deliver national initiatives, such as shared services.

However, as we were working nationally and regionally, we recognised the risk in relation to delivery of the national initiatives, due to the timelines that some of them had for delivery. Therefore, it was a board decision right at the beginning of this financial year that we did not have the ability to deliver £58 million of savings on our own. We believed that we would put ourselves completely at risk, and clearly the quality of our clinical care is paramount to us. Right at the beginning of the financial year, I submitted a local delivery plan with a financial target of £46.7 million. We believed that that would be a stretch target for the board, given what we had delivered in previous years, but, based on the work that we had done, we believed that we could deliver it. Right from the beginning, the Scottish Government was clear on that, and it signed off our local delivery plan, which said that we would deliver the £46.7 million.

Alex Neil: I understand the reasons, but the Auditor General's report was published just in October. This is the early part of December and, for the reasons that you explained, there is already a 25 per cent reduction in the estimated savings for the board for this year, which is relevant to my questions about the next five years.

Before I leave that point, the Auditor General's report said that, of the £58 million of savings that you estimated earlier—which is now down to £46 million—60 per cent were non-recurring, 10.2 were unidentified, and 12.1 per cent were high risk. If you combine those figures, nearly 85 per cent of the savings were non-recurring, unidentified or high risk. What percentage of the £46 million estimate is non-recurring, what percentage is unidentified and what percentage is still high risk?

Professor Connell: Perhaps we will pass that question to our finance director, Lindsay Bedford. However, to clarify, I think that I said in response to an earlier question that the board has recognised that in previous years it has had an inappropriate reliance on non-recurring savings and that, in this financial year, we are seeing a better metric in that area. In future years, we anticipate shifting the balance of savings so that, in the final years of our five-year programme, our non-recurring savings will be a much smaller proportion of our total savings.

Alex Neil: Just to put this in perspective, 60 per cent of your savings are non-recurring, although that might be revised for the new figure of £46 million. That compares to an average for all the boards of half that—30 per cent. Your figures for unidentified savings and those that are at high risk of not being achieved are slightly lower, but your non-recurring figure is high. Given that this is a five-year plan, there surely have to be recurring savings. You rightly said that, previously, NHS Tayside overrelied on asset sales, which are literally one-offs. It looks as though, although you have now understood the lesson, you have not been successful to date in doing anything about it.

Professor Connell: I fully accept your point that non-recurring savings are not an appropriate way to run a business or an NHS board. That has been recognised and it is already being changed this year and it will continue to be changed in future years. Mr Bedford will give you the precise figures.

Lindsay Bedford: The paper that we took to the board in October identified the progress against the existing workstreams. It identified that the board had secured £40 million of savings, of which there was an equal split between recurring and non-recurring, which was demonstrating progress already.

Alex Neil: So 50 per cent is still non-recurring.

Lindsay Bedford: Yes—50 per cent is non-recurring. The board approved the further actions that were required that would secure fully the £46.7 million, and an element of that will also be of a recurring nature. We expect to be in excess of the 40 per cent recurring that we identified in the financial framework.

Alex Neil: I want to explore the figures that you say you agreed yesterday with the senior official team in the Scottish Government. Am I right in saying that, over the next five years, if you were breaking even, you would still have about £200 million to repay to the Scottish Government? Is that right?

Professor Connell: I hope that it is not £200 million.

Alex Neil: What is the figure?

Professor Connell: We believe that our final brokerage figure will be £36 million. We anticipate fully repaying that over the five-year period as well as achieving our savings. The total saving required over the five years to achieve that will be somewhere between 5 and 6 per cent.

Alex Neil: Over that five-year period, what total saving would you need to make to break even?

Lindsay Bedford: And to repay the brokerage?

Alex Neil: I want the separate figures. How much saving would you need to make to break even and to pay back your debt?

Lindsay Bedford: The total over the five-year period is £214 million.

Alex Neil: So I was right. It is £214 million, which averages to something like £43 million a year or thereabouts in savings.

Lindsay Bedford: Yes.

Alex Neil: You are going to reduce the non-recurring element of that substantially. To what level are you going to reduce the non-recurring element?

Lindsay Bedford: The current financial framework identifies that it will move to 60 per cent recurring and 40 per cent non-recurring over the lifetime of the—

Alex Neil: So the 40 per cent non-recurring will still be from asset sales, basically, or one-off activities?

Professor Connell: No. Mr Bedford can give you further examples of non-recurring savings.

Alex Neil: What did you agree yesterday with the Scottish Government on what you will achieve in each of the five years?

Lindsay Bedford: So, across the—

Alex Neil: No—each year. For example, what savings do you have to make next year?

Lindsay Bedford: The assessment for 2017-18 is £44 million.

Alex Neil: Is that based on breaking even?

Lindsay Bedford: That will deliver a small shortfall in single figures, of £4 million to £5 million.

Alex Neil: So the total is £50 million, between the two.

Lindsay Bedford: Yes—to break even.

Alex Neil: You need to make savings of £50 million next year.

Lindsay Bedford: To break even.

Alex Neil: What about the year after that?

Lindsay Bedford: We have factored in repayments of brokerage in the following three years, with a standard efficiency savings target of £40 million across those three years. Taking that approach and delivering a £40 million efficiency saving will, as well as delivering a financial break even, also repay the outstanding brokerage to the Scottish Government.

Alex Neil: Based on your track record, we are expected to believe that you will achieve that.

Lindsay Bedford: That is the discussion that we have had with the Scottish Government.

Alex Neil: That is the agreement, you said, not the discussion. Where are you going to make those savings? Where are you going to make £50 million of savings next year? What have you agreed with the Scottish Government? Where are those savings coming from?

Professor Connell: I will pick that up initially and then ask Lesley McLay to comment. What we achieved this year is to try to get ourselves back into financial balance, or to move towards financial balance. That has given us time to look at changes in clinical service delivery that we believe will allow us to achieve credible savings in the future. Much of that will involve moving our clinical service delivery in line with the national clinical strategy and the document from the chief medical officer "Realistic Medicine", moving services closer to the community, having less reliance on in-patient stays, reducing costly issues such as delayed discharges, which add to our bill and are not good for patients—

The Convener: Professor Connell, I am sorry but, with respect, we know what the challenges are.

Alex Neil: Yes. We need the figures.

The Convener: I think that Mr Neil is asking specifically how next year's £50 million of savings will be achieved.

Alex Neil: We are talking to a health board that has changed its figures dramatically. You have reduced your savings in year over the past two or three months—

Professor Connell: No.

Lesley McLay: No.

Alex Neil: —from £58 million to £46 million. You told the Auditor General and me that your original estimate this year was £58 million of savings. You then realised that the national savings could not really be relied on, and you then reduced the figure—since the Auditor General's report—to £46 million.

Lesley McLay: With respect, Mr Neil, we submitted our local delivery plan to the Scottish Government at the beginning of this financial year, and that had a target of £46.7 million.

Alex Neil: So why did the Auditor General say in October that it was still £58 million? I presume that she got the figures from you or your auditors.

Anyway, the fundamental point is when we are going to see the detailed plan that identifies line item by line item where you are going to get £50 million of savings next year and savings in each of the years adding up to £214 million-worth of savings over the next five years, and whether you have agreed the detail of that plan with the Scottish Government. I do not see how it could agree to anything until it sees exactly where the savings are coming from. Do you have a list of savings over the five-year period, costed by line item, that add up to £214 million?

Lesley McLay: We have a five-year transformation programme that gives high-level costings.

Alex Neil: High-level costings—what does that mean?

Lesley McLay: In terms of forecasting—

Alex Neil: It means that you put your finger in the air and estimate—

Lesley McLay: No—absolutely not.

Alex Neil: That is what it looks like, sitting here.

Lesley McLay: We have a five-year transformation plan, and every year we are building a one-year delivery plan to give the absolute detail on how that will be delivered. At the beginning of this year, we had a very detailed plan of everything that we would deliver, costed down to the detail, for 2016-17. We will have exactly the same for 2017-18, 2018-19 and the years right through to 2021.

We have the five-year overall plan that has key financial figures within it but, in terms of running the organisation and taking on board any changes in demand or any different ways of working, that final detail will be published in our one-year operational plan. We will publish that for the end of March 2017 for the next 12 months. That is the way in which we have been building the plan.

Alex Neil: As somebody who has been heavily involved in business planning for the past 40 years, I would say that that is a wholly inadequate approach. I realise that one of the things that need to be changed is this year-to-year, hand-to-mouth budgeting for the health service across Scotland. That is not your fault but the fault of the system, which needs to change. However, given the situation that Tayside NHS Board is in, I suggest that you need not a high-level, finger-in-the-air estimate but a detailed five-year business plan that shows us clearly how you are going to pay off your debt and break even without a dramatic reduction in the range or quality of services. You said that you do not have that. You will have it soon, hopefully, for next year—

Lesley McLay: We will have it for next year.

10:45

Alex Neil: —but making £50 million of savings is a huge challenge to achieve, given what we

know about rising demand and the complexity of the demand. We have just heard this morning about the challenges for nursing staffing and have heard from you about challenges. I am also told that there are quite a number of consultant vacancies and a range of other issues that need to be addressed that impact on that. I would suggest to you exactly what I would suggest to the senior management in NHS Scotland, because they need to answer to Parliament. We will be calling them to give evidence as well, and they need to tell us how they could agree to something that is so thumb in the air. We need a proper plan. Item by item, where is the money going to be saved? Frankly, we will not believe that it is going to happen until we see that plan.

My view is that we are going to end up with a bailout being needed from the Scottish Government to save services in Tayside. How that would be funded would need to be looked at, because the Scottish Government does not have the money to fund it at the moment. Frankly, if someone is running a business, they do not put their thumb in the air and say that, over the next five years, they are going to save £214 million, because doing that requires a detailed plan. I think that the committee should be asking NHS Tayside to give us by the end of a certain period—maybe by the end of January—a five-year, detailed, itemised plan for where that £214 million is going to come from.

The Convener: Lesley McLay said that the board is producing a detailed plan for the first year. When is it due?

Lesley McLay: We are working on the plan for 2017-18.

The Convener: Okay. When will it be ready?

Lesley McLay: As I said to Alex Neil, it will be ready at the end of March.

The Convener: Okay. Can you send it to the committee once it is ready?

Lesley McLay: I am more than happy to do that.

Alex Neil: Can we also have an indication of what will happen in the four years after that? I realise that next year you will be able to give more detail on years 2 to 5. However, I think that the committee, the public in Tayside and the taxpayers need not just a wing and a prayer, and motherhood and apple pie, but a detailed plan.

Lesley McLay: I acknowledge that.

The Convener: I will very briefly bring in Colin Beattie, who would like clarification on a point.

Colin Beattie: My question is for the external auditors. In its report on NHS Tayside a few weeks ago, PricewaterhouseCoopers stated that there is uncertainty over the financial sustainability of the board, and questioned whether NHS Tayside is a going concern. Do you stand by that? Yes or no?

Lindsey Paterson: In our report, we set out why we have to consider the "going concern" question for all our organisations before we issue an audit opinion. Given the financial challenges that the board was facing, we set out our reason and rationale for considering—

Colin Beattie: Basically, your conclusion was that because it is a public concern it will be bailed out and would not be allowed to go down.

Lindsey Paterson: In effect, yes.

Colin Beattie: Given the uncertainty over the financial instability of the board and the question over it as a going concern as a business, do you stand by what you stated in your report a few weeks ago?

Lindsey Paterson: Yes, I do.

Colin Beattie: I interpret that as meaning that NHS Tayside is not a viable going concern and that there are questions about the board's financial sustainability that it is going to have to address.

Lindsey Paterson: As we set out in our report, there are clearly significant financial challenges that the board will have to address. As we have heard today, there are a number of plans in place to try to deal with those challenges.

Colin Beattie: I think that the point that you have clearly made is that, from a financial point of view, NHS Tayside is simply not sustainable without very radical change.

Lindsey Paterson: Yes—and I think that that is supported by what the board's management have said here today.

Monica Lennon: From the evidence that we have heard it seems that the figure for savings now sits at around £214 million, as Alex Neil managed to tease out. Professor Connell has, in his opening remarks and responses to questions, sought to reassure the committee and the public that the patient experience will not diminish and that NHS Tayside can manage its way through the savings. However, currently NHS Tayside is meeting only five of 15 national targets. Is current performance good enough? Given the financial challenges ahead, how will performance improve?

Professor Connell: Thank you for that. You are right that the targets that the Government sets are challenging for all health boards. NHS Tayside's performance in relation to the majority of the targets is either in the upper quartile or the middle of the pack. I do not believe that our financial performance has impacted on our achievement of targets

I see from looking at the targets in detail that NHS Tayside is currently best in Scotland on the accident and emergency four-hour target achievement and on child and adolescent mental health appointments. We have some problems with treatment time guarantees, as do all health boards.

Monica Lennon: What about cancer targets?

Professor Connell: The key metric for cancer targets is the 62 days for urgent referral, on which we are sitting pretty well on the Scottish average.

Two particular cancers cause us concern. In urological cancers, we have a single consultant surgeon who can do laparoscopic prostatectomies. We have been trying extremely hard to recruit a second urologist, but there is a UK-wide shortage of consultant urological surgeons. Other health boards have similar problems, so the solution is for us to work with other health boards in a regional arrangement. Colorectal cancer is another area in which there have been difficulties in identifying specialists because of a national shortage. It is not a financial issue; there is difficulty in finding specialists to fill roles.

Monica Lennon: Earlier in the meeting, Bob McGlashan spoke very well about the culture within the NHS and some of the pressures. The RCN's written submission says that

"The culture within NHS Tayside has tended to be top-down and divisive as a result of managers being placed under enormous pressure to find budget efficiencies".

Stronger than that, the RCN says that

"the management has been bullying towards members of staff"

and that there has been a breakdown in partnership working between management and staff. What do you say to that, Professor Connell?

Professor Connell: I return to what I said at the start: My colleagues across the organisation and I are fully committed to partnership working. The board acknowledges that there were significant problems in earlier years, but I believe that things are now improving: indeed, at our annual review, Paul Gray, who is the chief executive of NHS Scotland, commented specifically that he detected substantial improvement in our partnership relationships.

Monica Lennon: Partnerships can, however, be high level and include a number of outside bodies.

Professor Connell: I was coming to that.

Monica Lennon: I am asking about individual members of staff being frightened to raise grievances, but speaking in confidence to the RCN about their fear.

Professor Connell: My view and that of my colleagues is that we would not tolerate a culture of bullying or adverse staff experience, and we are actively working with colleagues, including staff partners, to make sure that we have an open and transparent culture that encourages staff to deliver the very best that they can for the organisation.

During the past year, a large amount of effort has gone in to staff engagement. Along with the chief executive, medical director and director of nursing, I have been involved in a large number of "value your NHS staff" meetings with large numbers of staff from right across the organisation. I have been to 12 such meetings in the past year and have met staff in a variety of circumstances, including in the community and in our in-patient facilities. At all the meetings, I was impressed by the commitment of our staff and the genuine value that they see in working for the NHS. Major concerns about staff bullying and harassment were reflected back to me.

Monica Lennon: I do not think that anyone doubts the commitment of the staff, but the RCN's written evidence tells the committee that staff feel bullied and that there is a culture of bullying. What do you say to that particular point?

Professor Connell: If there was evidence of bullying, we would not tolerate it.

Monica Lennon: Having been made aware of it today, what will you do?

Lesley McLay: I was extremely disappointed to read that. My background is as a nurse, so I fully understand the work and how important it is that staff feel safe and can come to work to do the job that they get up every day to do, as Bob McGlashan said.

From my perspective, there is clearly further work to be done. We will take immediate action. This is the first time that the issue has been brought to my attention, so I give my personal commitment that I and my board colleagues will sit down with RCN colleagues so that we can understand the issue in more detail. I also give the commitment that, if there is any evidence of any feeling of fear or intimidation in any of our staff, we will take immediate action.

Monica Lennon: We have heard from the Auditor General that if the Scottish Government wanted to it could waive the brokerage and wipe the slate clean. Has the board asked the Scottish Government to consider that?

Lesley McLay: No.

Professor Connell: No.

Monica Lennon: Why not?

Lesley McLay: We recognise that there are financial pressures across all public sector

organisations. There are, in Tayside, factors that we described earlier that are making it more challenging for us, but the issue is not that we have not been allocated proportionate moneys when compared to every other health board and public sector organisation.

We are having to invest money in our ageing estate—we have a large number of hospital sites that are more than 30 years old and are very costly—and we are progressing our community and home-based care models. There will be a time when we will not require the in-patient facilities, which will release a lot of revenue from our maintenance costs and our backlog maintenance. We believe that through service redesign we will be able to redistribute money to deal with the financial pressures that we are currently experiencing. Overall, the situation is challenging—we recognise that—but we are no different from any other board. We have a big challenge in front of us, but we are absolutely committed to delivering.

Monica Lennon: Has the board debated the possibility that you might have to ask for the brokerage to be waived in the future?

Professor Connell: No.

Lesley McLay: No.

Monica Lennon: I am glad that you raised property. The previous panel picked up on the large number of properties from which you are hoping to secure savings—which, I think, add up to £7.6 million. However, you are not having a lot of success in marketing the properties. Thirteen have been on the market for more than one year and three have been on the market for more than four years. You mentioned that you have other properties that are ageing and could be disposed of, but you are not having any success in disposing of the ones that are currently on your books. Can you give us an update on that?

Lesley McLay: I will pass this to the finance director.

The Convener: If you could be as concise as possible, that would be much appreciated.

Lindsay Bedford: We are looking to dispose of up to 14 properties by the end of March. It is important that the sites that have been surplus to requirements for the longest period will be off our books by the end of March.

Monica Lennon: Will you achieve market value for those properties?

Lindsay Bedford: We will receive open market value for those sites. The disposal of any property must be approved by the board. When we come to the board, we bring the professional adviser's valuation, which shows whether we are getting value for money for the sale of that property.

Monica Lennon: Have you rejected any offers because you would not get best value?

Lindsay Bedford: In the past financial year the board has declined an offer.

Monica Lennon: Was there just one offer?

Lindsay Bedford: The board was looking to dispose of only two or three properties in the past financial year. Those were the only disposals that went to the board for approval.

It is important that the sites that will be disposed of will generate recurring revenue savings of approximately £400,000 and will alleviate potential backlog maintenance costs of up to £1.8 million.

Monica Lennon: What have the properties that you have received offers on been valued at?

Lindsay Bedford: The properties that will be disposed of this year have a valuation—which was included in the external auditor's report—of close to £4.5 million. We expect to receive receipts of close to £2.5 million.

Monica Lennon: I also asked whether any property sale had been rejected on the basis that it did not achieve market value. What was the property valued at and what was the offer that you received?

Lindsay Bedford: The offer that we received last financial year was close to £0.5 million, but the assessment of that site had valued it at close to £1.5 million.

Monica Lennon: Thank you.

Ross Thomson: In this morning's earlier evidence we heard about how low staff morale is. Bob McGlashan said that staff morale is getting lower and lower, that staff do not feel valued and that there is great stress for nursing families. Raymond Marshall said that admin staff have been an easy target, that staff are feeling frustrated and constrained and that the relationship between managers and staff is not good. In fact, he said that it has gotten worse and that there is now no trust. Staff morale is in tatters. Is not that a direct result of management's failure to address vacancies, bullying—which Monica Lennon highlighted and of which there is direct evidence in submissions—and your ability to communicate with your staff?

11:00

Professor Connell: Again, I will start. First, if there is evidence of bullying or of a major staff grievance, we want to hear about it. My experience from meeting staff does not accord

with the statements that have been made by the RCN or Unison.

Ross Thomson: Is the RCN making it up?

Professor Connell: No—I do not think that it is. However, the problem is perhaps not as widespread as has been indicated to the committee.

Lesley McLay: I reiterate that I was extremely disappointed to hear about that. I have regular dialogue with the RCN, as does my nursing director. I have given the commitment that we will take immediate action if there is any bullying or harassment. We have a track record of doing that.

Ross Thomson: That perhaps proves the point, because staff obviously feel that they cannot communicate with management—which is an issue that we have just looked at.

We were told this morning that there has been no engagement with staff. The audit report identifies your need to make workforce savings, so what engagement will you ensure is in place so that you can discuss with staff your transformation programme for the workforce? Do you agree that if you do not look after your foot soldiers and you cannot command the confidence and trust of your staff, you will set yourselves up to fail?

Professor Connell: First, I would not describe our staff as "foot soldiers"; they are valued partners in delivering healthcare to the population of Tayside.

Ross Thomson: Absolutely—but you do not value them at the moment.

Professor Connell: Our staff are valued.

I point out that the employee director who chairs our area partnership forum sits on our transformation programme board. All the transformation programme details are discussed at our area partnership forum, which I attend on each occasion it meets, and the minutes—I have them available if you wish to see them—document detailed discussions of all the transformation programme plans and the workstreams. Staff are engaged with that: you have had confirmation from staff themselves that they are involved in the various workstreams. I contest the comment that we do not have in place the means for dialogue: our area partnership forum is attended by all our staff-side unions and by our managerial staff.

Ross Thomson: Thank you for that. Given the evidence that we heard this morning about the lack of engagement and about staff feeling frustrated, if there are minutes of meetings, it would be good for the committee to be furnished with such evidence.

Professor Connell: We are very happy to provide with you with all the minutes.

The Convener: It might be useful to have transparency. There are two sides to every story and the minutes might shed a little light.

The Auditor General, in her report, identified prescribing as a major problem for NHS Tayside finances last year, and she identified the same issue in her October 2015 report for the previous year. As you know, I was at your annual review presentation in September. At that presentation, you showed a picture of the chief executive and the chair of the board launching an initiative on prescribing the previous week. We have known that prescribing has been an issue for a long time, so why did it take until September to launch that initiative?

Lesley McLay: You are right: we did launch a campaign about waste and management in prescribing, but that was one of only six campaigns that we have undertaken in this calendar year. We undertake a wide range of prescribing initiatives outwith the media. There is one at the moment about people stocking up excess medicines over the winter, which costs the board somewhere in the region of an extra £1 million.

The Convener: When you say "people stocking up", whom do you mean?

Lesley McLay: I mean patients. Communication goes out to the general public during winter to remind them that it is really important that patients have enough medicines to see them over the holiday period. However, there is national evidence that people stock up excess drugs .

The Convener: Surely the prescribers—your doctors—should ensure that patients have ample amounts of medicines to get them through the winter, but not stockpiles.

Lesley McLay: We are just looking at the costs. In the month of December, we see a spike—as my finance director said—of about £1 million, but we do not see a reduction from people stocking up, then getting less drugs in the next period.

The Convener: Why are people allowed to stock up? Correct me if I am wrong, but I infer from what you are saying that those people have more drugs than they need. Is that right?

Lesley McLay: There is some evidence of that—

The Convener: Why are NHS staff allowing that to happen if you are tightening up on prescribing?

Professor Connell: Such stocking up is, in fact, a Scotland-wide problem. In the past month, the CMO and the director of quality have launched initiatives to try to address it. The issue is complex. In many instances, patients can submit repeat prescriptions directly to community

pharmacists, which bypasses NHS staff. Community pharmacists may not feel that they have the power to query whether a patient genuinely needs an additional prescription.

The Convener: I know that stockpiling is happening. I have seen it in Dundee, with people stockpiling prescribed paracetamol—which is extremely expensive—in their houses. I appreciate that you say that it is a problem across Scotland, but your own board papers say:

"Concern was again expressed that prescribing had been an issue for over two years. There was not a sense that this was in any way further forward. There should be an understanding by now of why prescribing was an outlier."

In addition, the Auditor General said that stockpiling is a specific problem in NHS Tayside. Why, therefore, are people still able to stockpile medicines?

Lesley McLay: Stockpiling of medicines is only one element—it is not the sole area of focus. Our chairman spoke earlier about some of the quality prescribing that has been going on in NHS Tayside, which ultimately reduces the number of strokes, liver transplants and so on. We have evidence of that. One part of the issue is that we are using high-cost drugs that lead to better outcomes for individual patients.

As I mentioned earlier, there are areas of Tayside where there is an issue, either through formulary non-compliance, in which people go off the formulary and use more expensive drugs, or through clinicians choosing expensive drugs when there are cheaper good-quality alternatives. We are addressing those issues at present.

This year, we will see a reduction in our secondary care prescribing costs, but our primary care prescribing costs are still a particular challenge. We have done some work this year to identify the 10 general practices that have the highest costs. That is an exploratory conversation, because there will be multiple reasons—

The Convener: Do you mean prescribing costs?

Lesley McLay: Yes—I mean prescribing costs. We, along with our community pharmacists and our pharmacy team, are working with those general practices to examine their costs and to consider alternatives. We do not feel that there is a quick fix, but we are certainly addressing the issue.

The Convener: Do you feel that you have the co-operation and confidence of clinicians to enable you to get a grip on the prescribing issue quickly?

Lesley McLay: Yes, I believe that that commitment exists in both secondary and primary care. We are working with 60-plus general practices, which are extremely busy—we are all aware of that—but there is no lack of will.

The Convener: What we have discussed leads me to question why it has taken so long to make progress. Do you see that progress has been made on the issue, to date?

Lesley McLay: Yes.

Professor Connell: Yes.

The Convener: Do you have evidence of that progress?

Professor Connell: Yes, we do. Our hospital prescribing costs have fallen in the current financial year, which is gratifying. With regard to our primary care prescribing costs, last week I attended a prescribing pharmacy huddle that focused very much on some of the issues that Lesley McLay identified, including high-cost prescribing for pain.

There is another simple example. Our general practitioners use one drug, rosuvastatin, which is a commonly prescribed statin drug that is now probably the most expensive, as opposed to the cheapest, in its class. That situation has arisen for historical reasons. At one stage, the drug was the cheapest in its class but, as is the case with all drugs, the manufacturers changed the price. We now need to change our prescribing to reflect that.

The Convener: Thank you, Professor Connell.

I will turn to agency nursing. Audit Scotland reported a 39 per cent rise last year in agency nursing costs in NHS Tayside—one of the highest rates. You have told us this morning, and it has been reported, that this year there has been a 30 per cent reduction. Considering the number of nurses that NHS Tayside employs, those are huge fluctuations. Not this year, but in the previous financial year agency nurse costs were a problem. Why were those costs allowed to increase by 39 per cent?

Lesley McLay: My first comment is that when we use non-contract agency staff it is absolutely to ensure that we deliver safe care. I have alluded to the fact that we have a number of hospital sites across NHS Tayside. We have the largest number of hospital in-patient facilities—more than any other board—and many of those are small community hospitals. Even for low-occupancy sites, a certain number of registered nurses are required 24 hours a day, which is driving costs.

The Convener: I appreciate that NHS Tayside has a large property portfolio in rural areas and a lot of facilities that need to be staffed, but we heard from the RCN this morning that staff are turning their backs on NHS contracts and going across to agency working because the terms and conditions are better. Is that not an issue of

workforce planning in NHS Tayside? Scotland has a national health service but, somehow, we have created a market in nursing that should never have existed. I appreciate that the issue is not just for NHS Tayside, but it is a specific issue in NHS Tayside because of the 39 per cent increase in the use of agency staff. Would not workforce planning and management planning have prevented that?

Lesley McLay: I am not sure that we could have prevented it, but I agree that workforce planning is really important.

The Convener: So, why has that not happened?

Lesley McLay: Back in 2012-13—even in early 2014—NHS Tayside was not a high user of non-contract agency staff. However, a number of factors, such as vacancies and implementation of the nursing workforce tools that the board was an early adopter of and which I referenced, increased our whole-time equivalent requirement substantially, and we have continued to deliver to that safe level.

The Convener: Why more than other boards in Scotland?

Lesley McLay: I cannot comment on other boards. All I can say is that given the acuteness of our patients, the number of wards that we have and our safe staffing levels, that is what we resourced.

This year, we have done a huge amount of work around our nurse bank and have increased the number of nurses who are on our nurse bank from 800 to 1,200 nurses. We are looking at the flexibility that our staff want in order to ensure that they remain with us and do not go to the non-contract agency.

The Convener: However, Ms McLay, even before you became the chief executive, you were the chief operating officer in charge of all these issues. Surely you saw the trends. Why were measures not taken to ensure that you were employing NHS contracted nurses rather than resorting to agency staff?

Lesley McLay: A number of measures were taken, which we have continued to take over the past three or four years. We are dealing with a demographic situation that is not specific to NHS Tayside; there are a number of factors. We are working as hard as we can to make our organisation as attractive as possible. The RCN's comments this morning were disappointing and we will see what we can do to address them. We absolutely value our staff, particularly our nursing staff, and we need to do more.

The Convener: I understand, but do the management take responsibility for the huge fluctuations in agency costs?

Lesley McLay: Of course, we do. We are the senior management and clearly it is our responsibility. The fact is that, this year, we have used 30 per cent fewer non-contract agency staff to date than we used in the financial year 2015-16, and we will continue to hold that position.

The Convener: I agree that that is an improvement, but it is the fluctuations that worry me when exactly the same team is in place. I understand that an agency nurse costs the taxpayer three times as much as a contracted NHS nurse. The committee's job is to follow the public pound, and that does not seem to be a good use of the public pound; neither do the huge fluctuations.

I have a question for Lindsay Bedford. You told us that you have been with NHS Tayside for 33 years. You have been in the finance team all that time—is that correct?

Lindsay Bedford: Mainly. At one point, I went to a different specialty, but I have worked principally in finance across NHS Tayside.

The Convener: So, you have long experience of the financial issues that NHS Tayside has experienced. I looked back at the 2001 audit of NHS Tayside, on which the Auditor General reported, and some of the issues that came up then were similar to those that are being experienced today. You will remember the Kilshaw inquiry, which was about illegal payments. I wondered whether you were involved at the time. Given the results of the Kilshaw inquiry, why have we seen such problems with the implementation of enhancement during leave payments?

Lindsay Bedford: As the chairman said, I was in NHS Tayside in 2001, but I was a relatively junior member of the finance staff at the time and I was not particularly involved in the discussions around the Kilshaw report.

A circular on enhancements during leave was issued back in 2008. It is disappointing that, despite assurances that the policy had been implemented in full across Tayside, investigations subsequently found that it had not been implemented in full. That reflects the complexity of the policy.

I guess that what is important is that, when it was brought to our attention, we went through a fairly detailed process of understanding the differences between what had been paid and what should have been paid.

11:15

The Convener: Can I just clarify that the enhancement during leave guidelines were not implemented properly by NHS Tayside? Is that correct?

Lindsay Bedford: Despite the assurances received by the chief executive, it turns out that they were not.

The Convener: So you are saying that it was the responsibility of a team below the chief executive to follow the guidelines correctly and that they were not followed. Is that right?

Lindsay Bedford: Through the individual line managers and down to the senior charge nurses who are responsible for putting the data into the system, it turns out that the circular had not been complied with, but we need to recognise the complexity of the circular, as other boards in Scotland do.

The Convener: Is there an issue of governance there, Mr Bedford? You said that it was not picked up by the chief executive. Is that correct?

Lindsay Bedford: Assurances were given to the chief executive that the circular was being complied with. It was only when we did the detailed investigation, recognising the complexity of the circular, that we found out that the payments had not been made in full when people were on annual leave.

Lesley McLay: As Mr Bedford said, we were going back a number of years and, as far as we were aware—the previous chief executive and myself had sought the assurance and we had been led to believe—we were fully compliant. When the detailed work was undertaken, errors were found in some areas, and that led to the situation that we have since addressed.

The Convener: Did the auditors have anything to say about EDL payments and guidance not being followed over a period of time? Is that something that you picked up?

Tony Gaskin: The issue first emerged in 2013 and, as it was picked up, we were asked to look at the process that the board was using to address it; it was not something that we would have picked up through our normal audit work. Two hundred circulars came out that year and we do not follow every single one. If a control weakness is identified, however, we pick it up and look at the system that is used. Therefore, for every circular that is received by NHS Tayside, an instruction goes out and, at the point at which a response is received from managers—implementation is the responsibility of managers—the board has exercised its duty.

The Convener: Should it have been picked up at an earlier point? It has now become a key issue for the Auditor General, given the financial situation that NHS Tayside finds itself in.

Lesley McLay: It is clearly disappointing to find a situation like that occurring, but there was no evidence to lead us to believe that any errors were happening. Determining what enhancements some staff will have during annual leave is a complex matter. It is important to state that from 1 April, we will have an electronic system for individual staff. The e-rostering solution that I referenced earlier will also help, because it will mean that all our rosters are recorded electronically, whereas previously they were paper based.

The Convener: Should more robust arrangements have been in place? Lindsay Bedford said that you sought assurances from other teams. Should there have been better governance and a better system in place to give you the confidence that the system was being properly applied?

Lesley McLay: We now have improved systems in place, which is clearly important. We are redressing the situation, but at the time there was no evidence to suggest that we were not compliant. Benchmarking work had been undertaken by the previous finance director, looking at our enhancements during leave, which did not indicate that there was anything untoward about our situation in Tayside. A number of checks and balances were considered, but we did further work around that to assure ourselves, and that is when we found the errors.

The Convener: You said that improvements have been made, but it has recently been reported in the press that NHS Tayside is expected to run not just an £11.65 million deficit this year; it is to increase to £18 million. It is difficult for the committee to accept that all these improvements are happening when you are projecting an even larger deficit than Audit Scotland projected just two months ago.

Lesley McLay: I reiterate to the committee the earlier statement, from both the chairman and myself, that we have detailed plans that forecast that we will deliver on the £46.7 million.

The Convener: Audit Scotland has drawn a big question mark over your ability actually to deliver those savings over a five-year period.

Lesley McLay: Our perspective on the work that we have done is that there is efficiency and savings that we can make without impacting on quality or patient experience. That is what we intend to do.

The Convener: Let me go back to the past. The 2001 Audit Scotland report identified a problem in NHS Tayside of a heavy reliance on non-recurring savings. We know that that is a problem at NHS Tayside again. Lindsay Bedford, with all your experience in the finance team, why has this reliance on non-recurring savings been allowed to happen again?

Lindsay Bedford: Over the years, the figure has fluctuated. Over the past four years, it has been around the 47 to 50 per cent mark. Over the last couple of years, in particular, the level of recurring savings has fallen. In part, that just reflects the challenges that we have faced.

Going forward in this financial year, I recognised as part of the financial framework that we needed to look at things differently. That is when implementation of the workstream programme came to fruition. Rather than looking at individual groups and their budget efficiencies, we have looked on a more corporate level, driving through the fixes in very contained workstreams. That has put a different focus on it.

We have talked about the value your NHS sessions, which the chief executive and the chairman mentioned. Those take down to individual staff members and the public conversations about implementing efficiencies and which ones what they would want to see being made that will deliver but continue the same quality of service.

The Convener: Surely it is your job, as a management team, to identify efficiencies and make recommendations.

Lindsay Bedford: Indeed, that was the purpose of initiating the transformation programme and the workstream programme. The implementation of the workstreams is overseen by the transformation programme board, of which a number of directors and non-executive directors are members.

The Convener: When Kenny Wilson, the external auditor, gave evidence to our committee last month, he said that there was a high risk of job losses as a result of the financial situation in NHS Tayside. Lesley McLay, why should our hard-working staff bear the brunt of long-term financial mismanagement?

Lesley McLay: On your first comment, there are no forecast job losses in NHS Tayside under any of the plans that we are making. We are using the opportunity of our natural attrition rate, through which we believe that there are some areas in which we can redesign our services. That will reduce the overall head count, but it is not about job losses—absolutely not.

The Convener: Can you guarantee to the committee that, in the plan that you produce in March and send to us, there will be no cuts to services and no job losses, and that you will be able to find these huge savings from the efficiencies within the system that we have already discussed?

Lesley McLay: What I can say, particularly to our workforce, is that there are opportunities, especially in some of our administration and management areas, to redesign and to do things differently. Overall, that could reduce the head count, but that head count will be reduced through natural attrition—by people either retiring or leaving. There is no intention whatsoever—there never has been, nor will there be—of cutting jobs.

There are different ways of doing this. We will use technology and we have good examples of where IT is supporting us to do differently things that were previously done manually. Ultimately, that will take down the head count.

We are not cutting services, but there are opportunities to deliver them differently and the board will use those opportunities. If we do so, that will be clinically led, so that our clinicians—our nurses, our doctors and our AHPs—help us to redesign them. We will do that in partnership with our trade union partners, our staff and the public.

The Convener: Thank you. Going back to the issue of bonus payments, I believe that Lesley McLay confirmed that she received a bonus payment for a “fully acceptable” performance. Is that correct?

Lesley McLay: Yes, that is correct.

The Convener: Is that in the region of 1 to 3 per cent?

Lesley McLay: For 2015-16, it was 2.3 per cent.

The Convener: What about Lindsay Bedford?

Lindsay Bedford: It was 2.3 per cent.

The Convener: It was the same. So was your rating “fully acceptable” as well?

Lindsay Bedford: Yes, as I confirmed to Mr Kerr earlier, it was.

The Convener: Given the state of finances at NHS Tayside, do you think that those awards were merited?

Lesley McLay: Are you asking that in relation to my own award? Yes, I do—I think that they were merited. I am fully aware of the financial challenges that NHS Tayside has. I believe that my performance rating was awarded on the basis of the work that I was doing as the leader of the organisation and the work that we are doing to build sustainable plans to bring the board back into balance. That is what I believe was reflected in my performance.

The Convener: Even though Audit Scotland has drawn a question mark over whether you can make those savings?

Lesley McLay: I understand why it is questioning that. There are a whole load of questions about the financial position of a number of boards. I think that our board is in a far stronger

position than it has ever been in by having the five-year plan, the five-year financial plan, the detailed work that we have done around our workforce profile and the work that we are doing with our integration boards and our other regional partners to change the service models and continue to meet the demands of patients in Tayside. The board is in a far stronger position than it has previously been in.

The Convener: Mr Bedford, given your role as finance director and your long experience at NHS Tayside, I put the same question to you: do you feel that your award was merited and deserved?

Lindsay Bedford: I have been in post formally since June 2016. As has already been said, the assessment that was carried out on me for the last financial year incorporates not just finance, but another seven objectives on top of that. The chief executive made the assessment on my performance and it went to the remuneration committee.

The Convener: You are the financial director; Audit Scotland projects an £11.65 million deficit this year; the board itself projects an £18 million deficit; you have gone to the Scottish Government for loans in order to break even for the past four years; it looks likely that that might happen again next year; and, as Mr Neil pointed out, five-year savings of £214 million would be needed. Is that a sustainable financial situation for NHS Tayside?

Lindsay Bedford: The plan that we have just discussed with the Scottish Government, as we touched on earlier, seeks to repay that full financial brokerage over the remaining life of the five-year programme.

The Convener: In your opinion, is NHS Tayside in a financially sustainable situation?

Lindsay Bedford: With the work that is going on with individual workstreams and the clinical strategies that will evolve over the next 12 to 18 months, I think that it is.

The Convener: But you feel that your performance merited that award.

Lindsay Bedford: As I said, my assessment was done by the chief executive.

The Convener: Ms McLay, do you feel that you have the confidence of staff to take forward the reforms that are needed to sort the situation out?

Lesley McLay: Yes, I do—I absolutely do. I want to comment again on the comments that were made this morning, which were brought to my attention only on receiving the written submissions on Monday. I am extremely disappointed. I give a personal commitment that we will sit down with those individuals to understand the issues that they raised with you and we will look to address them.

Professor Connell: I pointed out to the committee right at the start that I have been chair since October 2015, and I believe that Lesley McLay does carry the confidence of the staff. She has the confidence of the board, as does the finance director who, as he pointed out, was appointed only three months ago.

I believe that there is confidence that we have a chief executive and a finance director who have identified correctly the issues that need to be addressed—that is a major achievement. They have created a credible plan to address the situation and they have worked closely with the Scottish Government and other regional partners to build our plan for the future, which does not put at risk the delivery of safe healthcare for the population.

The Convener: Thank you. Mr Bedford, do you feel that you have the skills and confidence to get NHS Tayside out of this financial situation?

Lindsay Bedford: The information that I provide is based on the plans for the individual workstreams. All that I am reflecting is the financial implications. The work of the individual workstreams will feed into any financial plan, so it is the credibility of the work done within the workstreams that I will reflect within the financial plan.

The Convener: I was asking you personally, as finance director, whether you feel that you have the skills and confidence to get NHS Tayside out of this situation.

Lindsay Bedford: Again, I reflect on the work of the individual workstreams, which will feed into whatever I progress, but I believe that I have the skills and confidence to deliver on the financial sustainability of NHS Tayside.

The Convener: Okay. Thank you all very much indeed for your evidence this morning. We will consider it at a future meeting and decide what further action to take. I also thank members of the public for attending and listening this morning.

Meeting closed at 11:30.

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