

Paul Gray
DG Health and Social Care and
Chief Executive of NHS Scotland

14 February 2019

Dear Paul

Following the submission, on 7 December 2018, of our third report on NHS Tayside's progress in implementing the recommendations in the Assurance and Advisory Group's June 2017 Staging Report, you asked us to provide you with a further update in February 2019. For convenience and continuity, we attach web-links to our previous reports in Appendix 1.

Our most recent report confirmed the progress made by NHS Tayside, reflecting the work of the new leadership team (Interim Chair: John Brown CBE and Interim Chief Executive: Malcolm Wright OBE) who took up post in April 2018. That report recognised the substantial progress that had been made in delivering the objectives set for the leadership team to "stabilise the finances, improve the governance, strengthen the leadership and develop credible plans that will deliver both performance improvement and financial sustainability."

Since our most recent report was submitted, we have observed further developments which will inevitably impact on how NHS Tayside will make progress, and how Scottish Government might best continue to support that process.

We have seen positive steps towards developing a clear sense of direction and purpose for the organisation by NHS Tayside: a redesign of the existing business model with more visible clinical leadership and engagement, and a systematic and structured approach to building capability and capacity by the executive leadership team.

At the beginning of January 2019, a substantive new Chief Executive took up post: Grant Archibald (previously Chief Operating Officer of NHS Greater Glasgow and Clyde), in succession to Malcolm Wright as interim Chief Executive. Our discussions with John Brown, who continues as interim Chair, and Grant Archibald have provided assurance regarding their stated intentions around continuity of leadership, thus providing a sustained and positive direction of travel.

This Chief Executive appointment is in response to the risk identified in Audit Scotland's report on the 2017/18 audit of NHS Tayside¹ regarding the need for effective leadership to drive forward transformation. We are informed that the recruitment process to identify a permanent Chair is still in train, with a further round of interviews scheduled for April this year.

¹ <http://www.audit-scotland.gov.uk/report/the-201718-audit-of-nhs-tayside>

Audit Scotland's report (referenced above), also recognises the successful delivery of substantial cost savings by the Board in 2017/18, while also confirming the continued importance of robust medium-term financial planning and service reform to secure longer term sustainability.

In relation to the current financial year, from information provided, we report that NHS Tayside is on track to deliver on the overspend position of £18.7m,² originally set at the start of the financial year. The Board has made substantial improvements in controlling and reducing expenditure, with the monthly overspend reducing by over 20% from £1.9m per month between April and June to an average of £1.5m from July 2018 to January 2019.

Contributory factors include: a reduction in the use of agency nursing staff; efficiency and productivity improvements in both elective and unscheduled care; the achievement of planned savings in primary and secondary care medicines and successful delivery of savings programmes in procurement, corporate services, estates and facilities. These imperatives were sought in the recommendations of our original 2017 Staging Report.

At the time of writing, NHS Tayside is forecasting efficiency savings of £32.2m in 2018/19, representing an overachievement of £2.8m against their original target of £29.4m. NHS Tayside has also been able to reduce reliance on non-recurring savings measures and the level of recurring savings has increased from 36% in 2017/18 to 44% in 2018/19.

In relation to Corporate Governance, a number of system and structural changes were highlighted in our previous Progress Report, in December 2018. These included: the establishment of the combined Performance and Resource Committee; creation of the post of Director of Governance, Risk and Compliance and a strengthened remit for the Audit Committee to incorporate organisational risk. To assess the impact of these changes, NHS Tayside has committed to undertake a self-assessment of the effectiveness of the new governance arrangements, against the Scottish Government Blueprint for Governance, with the results due to be reported to the Board in April 2019.

In addition to structural change, we have observed a significant shift towards a more challenging and better-informed scrutiny of NHS Tayside Executive Leadership's work and performance. This has been driven primarily by the direction and example given by the interim Chair and Chief Executive, supported by the appointment of new Non-Executive Board Members, using a targeted recruitment process based on skill-mix and values.

The Chair of NHS Tayside has also received Ministerial approval to expand the Board to appoint two additional Non-Executive members with specialist skills, including finance. That recruitment process is now underway. In the meantime, the Chair has acted to ensure that additional financial skills are made immediately available to support the existing Committee structure via temporary input from experienced Non Executives from other NHS Boards.

We commend the welcome additional skills which new Non-Executive Directors will bring. Since the original Staging Report in 2017, there have been sweeping changes to the Non-Executive membership of NHS Tayside and significant Executive Director changes are still in train. However, we would wish to raise a caution regarding the risk of loss of organisational memory which can be a side effect of such significant and rapid turnover of personnel. As highlighted in a recent report by the Board's Chief Internal Auditor: "This is of importance given the need to recognise the recurrence of themes or issues which have occurred repeatedly over recent years".³ This report was considered by the NHS Tayside Audit Committee on 24 January 2019.

² excluding the agreed repayment of £3.6m to the Endowment Fund.

³https://www.nhstaysidecdn.scot.nhs.uk/NHSTaysideWeb/idcplg?IdcService=GET_SECURE_FILE&dDocName=PRO_D_313787&Rendition=web&RevisionSelectionMethod=LatestReleased&noSaveAs=1

The introduction of a new model for clinical directorates to establish NHS Tayside as an aspiring clinically-led organisation is a further significant development. This model positions frontline clinicians to the fore of all clinical service planning and redesign, in order to drive and inform necessary changes in trans-sectoral health and social care across the whole of Tayside. This is in keeping with the original AAG Staging Report, which reinforced the importance of clinical engagement and leadership, going forward.

To help realise that, the Clinical Alliance, established in April 2018, is an advisory forum of senior clinicians in NHS Tayside and Health and Social Care Partnerships. It provides a key point of clinical and professional advice and liaison.

As part of the preparation for this report to you, we received a formal statement on behalf of the clinical leadership in NHS Tayside from Professors Peter Stonebridge and Colin Fleming, Acting Medical Director and Deputy Operational Medical Director respectively. This statement is attached in full in Appendix 2. As the quotes below illustrate, this statement expresses unequivocal support for this welcome development:

“We want you to know that the medical leadership group is absolutely behind the structural management changes which have happened over the past year. We are still at the early stages of this ‘clinically-led, managerially-enabled’ approach but we believe we are already feeling the benefits at the frontline.

It has allowed clinicians to work across the whole system more easily, joining up with colleagues in Health and Social Care Partnerships, and making sure patient journeys work better from home to hospital and back again.

It is also delivering results as clinical teams collaborate more effectively and work more flexibly across directorates, making collective decisions which are beneficial to our patients, supporting each other and improving patient pathways.”

This is an encouraging development which will require further nurture and support. In the original AAG Staging Report, we emphasised the importance of workforce reshaping – both clinical and support staff - to meet the future needs of the people of Tayside (Recommendation 4). This is not only a matter of workforce numbers but also about resilience, development and staff support. In that regard, we would stress the importance of comprehensive appraisal and revalidation for all clinical staff. We have been made aware of specific issues in relation to the uptake and completion of appraisal and revalidation of secondary care medical staff, which must be resolved with dispatch. These have been clearly recognised by NHS Tayside and are being addressed with the support of NHS Education Scotland (NES) and Scottish Government.

Running alongside the immediate improvements in financial control, the work of the Clinical Alliance is regarded as a key part of the Board’s approach to planning for the future. Clinicians from across NHS Tayside and the three Health and Social Care Partnerships participated at the Board’s two-day Development Event on 31 January/1 February 2019, to present the results of their 2018/19 evidence-based service redesign initiatives and to discuss care models and next steps.

The active engagement and input of clinical colleagues throughout NHS Tayside has been recognised as a key first step in redesigning services. The purpose of the development event was for the Board of NHS Tayside to be presented with further detail on the proposed whole-system changes, understand the priorities and co-dependencies in the three-year timeline and explore the support and resources needed to make the shift from planning to delivery over 2019-2022. Clinical leaders are currently working within the Transforming Tayside framework. This includes engagement with all key stakeholders, in order to build the business cases for each separate service change.

The involvement of Integration Authority partners in both the development event and the ongoing work on Transforming Tayside is a further illustration of the emphasis being put on an integrated approach to delivering on shared outcomes for health and social care across Tayside. It also indicates a continuation of the progress highlighted in our most recent Progress Report (including the establishment of the 'Working Together in Tayside' forum).

The six medium-term Performance Improvement programmes of NHS Tayside cover the areas of: Primary Care, Transforming Outpatients, Inpatient Capacity and Flow, Theatre Utilisation, Mental Health and Prescribing. They provide a bridge between immediate and incremental financial improvements and the more elusive longer-term transformational service reform plans.

We consider that these programmes are beginning to deliver tangible improvements in 2018/19, but they will require ongoing robust scrutiny. The programmes are under review by NHS Tayside for 2019/20 and beyond, to ensure a clear focus on supporting and providing resource to the programmes which will deliver the greatest benefit.

Bringing these elements together, three key organisational documents will be presented to the Board of NHS Tayside at its meeting on 22 February 2019. They are planned to be finalised by April 2019. These are intended to deliver an outcomes-driven and delivery-focused three-year plan for NHS Tayside to:

- Return to financial sustainability: NHS Tayside Three-Year Financial Plan;
- Increase activity and improve performance: NHS Tayside Three-Year Performance Plan;
- Deliver whole-system service changes, with clinical leadership, meaningful staff and public engagement, to secure better outcomes and care experiences for the people of Tayside: Transforming Tayside 2019-2022

This last element – transformational change - has proved the most challenging and elusive to date. As indicated in previous AAG progress reports, NHS Tayside initially committed to produce a Transformational Plan for December 2018. That ambitious timeline has now lapsed. We understand that a Transformational Plan will now be presented to the forthcoming Board meeting on 22 February 2019. This is a pressing matter for NHS Tayside - we welcome the stated intention of increased vigilance and that the effectiveness of its revised clinical leadership model and more robust approach to scrutiny and challenge will be evaluated over the coming months.

Regarding the financial probity of NHS Tayside, we note that the Office of the Scottish Charities Regulator (OSCR) recently published the report of their inquiry into the management of the Tayside NHS Endowment Funds on 1 February 2019⁴. While the report highlights serious concerns about historic decision-making processes, it indicates that the endowment funds were used for charitable purposes. No further action is to be taken in respect of the charitable trustee or of individuals involved in those processes. We are informed that NHS Tayside has already accepted the recommendations and is committed to taking whatever action is required to make the improvements highlighted by OSCR. The monies under scrutiny (£3.6 million) were repaid to the NHS Tayside Endowment Fund in January 2019.

Nonetheless, our third Progress Report in December 2018, was clear that NHS Tayside continues to present a high level of risk, with a need for continued support and scrutiny. We understand that recent scrutiny work within Scottish Government has focused on establishing the credibility and deliverability of the Board's financial plans over the next three years. This work must also inform the nature of further support measures to be put in place by Scottish Government to fully secure the continuation of progress seen to date.

⁴ <https://www.oscr.org.uk/media/3393/2019-01-31-section-33-report-final-pdf.pdf>

Summary

On consideration of the most recent evidence, our overall observation would be that NHS Tayside has made progress towards addressing each of the ten recommendations in our initial Staging Report published in June 2017. While we are of the view that NHS Tayside is on the road to recovery, much more needs to be done: encouraging incremental change has happened but transformational change still beckons and is imperative. We have taken some assurance from the recent report to the Audit Committee on an Evaluation of Internal Controls by the Chief Internal Auditor (see the link on page 2) which recognises the improvements in financial planning, risk management, governance and reporting. However, that report goes on to highlight that some key elements of transformation, including the development of an Integrated Clinical Strategy and the work on the organisation-wide Safe Affordable Workforce, have taken much longer than expected.

Our discussions with John Brown, Chair and Grant Archibald, Chief Executive of NHS Tayside have also reinforced that imperative. In the original AAG Staging Report, we also flagged the key importance of supporting and reshaping the workforce of NHS Tayside (Recommendation 4). Allowing for all the structural and process-related changes now underway, the embedding of a positive, professional and collaborative culture across the whole organisation must remain a key focus and challenge for the Board's leadership team.

At the risk of repeating ourselves, our original Staging Report from June 2017 noted that *'to secure success, leadership and partnership working of a very high order will be required, with the full engagement of the people of Tayside and its public representatives – this will need to be done well, at pace and with resolve'*. This remains our view - and responsibility for delivering on that requirement is inherited by the new leadership of the Board – both Executive and Non-Executive.

As a result, we would reiterate the importance of continued support and challenge for NHS Tayside – including ongoing renewal and consolidation of Non-Executive and Executive team capacity and capability. This must include a renewed focus on practical expert support which complements the skills and strengths which the Board is already putting in place.

We suggest that NHS Tayside is now in position to benefit from the Scottish Government's revised formal approach to supporting Boards which find themselves in an escalated position under the NHS Board Performance Escalation Framework. This work was partly in response to Recommendation 14 of our original Staging Report to Scottish Government, regarding lessons learned and translation for the benefit of all NHS Boards in Scotland.

We would be happy to meet with you to discuss any aspects of this report if you would find that helpful.

Yours sincerely

The image shows two handwritten signatures. The first signature, on the left, is 'Lewis D Ritchie' and the second, on the right, is 'Caroline Lamb'. Both are written in a cursive, flowing style.

Lewis D Ritchie and Caroline Lamb

Previous Reports by the NHS Tayside Assurance and Advisory Group

Staging Report (June 2017)

<https://www.gov.scot/publications/nhs-tayside-assurance-advisory-group-staging-report-findings-recommendations/>

Transformation Support Team Reports (September 2017 and February 2018)

<https://www.gov.scot/publications/nhs-tayside-transformation-support-team-report-nhs-taysides-progress-implement/>

<https://www.gov.scot/publications/nhs-tayside-transformation-support-team-second-progress-report/>

First Progress Report (October 2017)

<https://www.gov.scot/publications/nhs-tayside-assurance-and-advisory-group-first-progress-report/>

Second Progress Report (February 2018)

<https://www.gov.scot/publications/nhs-tayside-assurance-and-advisory-group-second-progress-report/>

Third Progress Report (December 2018)

<https://www.gov.scot/publications/nhs-tayside-assurance-advisory-group-third-progress-report/>

Statement to Assurance and Advisory Group by Senior Clinical Team in NHS Tayside

As lead clinicians in NHS Tayside, we would like to take the opportunity to advise the Assurance and Advisory Group about the steps taken in 2018/19 to establish a new clinical leadership model - and how important that is to Tayside clinicians.

The clinical community in Tayside is motivated, talented, practical and absolutely committed to realistic person-centred care. We believe that NHS Tayside has a bright future and we look forward to playing a key role in the delivery of improved services and care for the people of Tayside.

Earlier this year, the leadership team of NHS Tayside decided to take the bold step of changing the traditional operational leadership structure which has been the mainstay of NHS organisations in Scotland for decades.

Previously, the predominant culture in health organisations has tended towards clinical teams (comprising doctors, nurses, allied health professionals and other healthcare workers) complying with 'top-down' imposed standards and targets to improve performance.

We have now moved to a leadership structure which puts clinical teams at the front, devolving budgets, accountability and decision-making to frontline teams. The aim is that clinicians and managers are jointly committed to bringing about improvements in care and work together to access the support they need to do so.

The result of this is that, today in Tayside, there is a senior doctor, a senior nurse and a senior manager leading our acute care clinical directorates, with a similar approach established in mental health services.

We want you to know that the medical leadership group is absolutely behind the structural management changes which have happened over the past year. We are still at the early stages of this 'clinically-led, managerially-enabled' approach but we believe we are already feeling the benefits at the frontline.

It has allowed clinicians to work across the whole system more easily, joining up with colleagues in Health and Social Care Partnerships, and making sure patient journeys work better from home to hospital and back again.

It is also delivering results as clinical teams collaborate more effectively and work more flexibly across directorates, making collective decisions which are beneficial to our patients, supporting each other and improving patient pathways. One example has been in the area of care of frail older patients where patients are benefiting from the close working of trauma, medicine for the elderly and rehabilitation specialists across different professional groups, on different sites, in both primary and secondary care.

The leadership team in Tayside has recognised that clinical teams are well placed to step up, accept accountability, take responsibility, work collectively and take the lead on redesigning services which will improve outcomes and patient care.

We are currently working together on the Transforming Tayside programme to plan future services and we look forward to engaging with NHS Tayside Board and the people of Tayside to make our services the best they can be.

In the meantime, we will continue to work hard for all our patients and service users and we are embracing the key organisational role which we have been given.

Professor Colin Fleming, Deputy Operational Medical Director,
*on behalf of the Operational Leadership Team which represents frontline doctors, nurses, AHPs
and managers across acute services in NHS Tayside*

Professor Peter Stonebridge, NHS Tayside Medical Director,
on behalf of the Senior Medical Leadership Team

1 February 2019