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Aberdeen City Health & Social Care Partnership
A caring partnership

To: Members of the Audit and Performance Systems Committee

Town House,
ABERDEEN 17 February 2020

RISK, AUDIT AND PERFORMANCE COMMITTEE

The Members of the **RISK, AUDIT AND PERFORMANCE COMMITTEE** are requested to meet in **Meeting Room 4 / 5, Health Village on TUESDAY, 25 FEBRUARY 2020 at 10.00 am**.

FRASER BELL
CHIEF OFFICER - GOVERNANCE

B U S I N E S S

DECLARATION OF INTERESTS

DETERMINATION OF EXEMPT BUSINESS

STANDING ITEMS

GOVERNANCE

The amended Terms of Reference are included as a reminder of the decision approved at IJB.

RISK

AUDIT

PERFORMANCE

CONFIRMATION OF ASSURANCE

Should you require any further information about this agenda, please contact Derek Jamieson, tel 01224 523057 or email derjamieson@aberdeencity.gov.uk

DECLARATIONS OF INTEREST

You must consider at the earliest stage possible whether you have an interest to declare in relation to any matter which is to be considered. You should consider whether reports for meetings raise any issue of declaration of interest. Your declaration of interest must be made under the standing item on the agenda, however if you do identify the need for a declaration of interest only when a particular matter is being discussed then you must declare the interest as soon as you realise it is necessary. The following wording may be helpful for you in making your declaration.

I declare an interest in item (x) for the following reasons ……………

For example, I know the applicant / I am a member of the Board of X / I am employed by…
and I will therefore withdraw from the meeting room during any discussion and voting on that item.

OR

I have considered whether I require to declare an interest in item (x) for the following reasons …………… however, having applied the objective test, I consider that my interest is so remote / insignificant that it does not require me to remove myself from consideration of the item.

OR

I declare an interest in item (x) for the following reasons …………… however I consider that a specific exclusion applies as my interest is as a member of xxxx, which is
- (a)   a devolved public body as defined in Schedule 3 to the Act;
- (b)   a public body established by enactment or in pursuance of statutory powers or by the authority of statute or a statutory scheme;
- (c)   a body with whom there is in force an agreement which has been made in pursuance of Section 19 of the Enterprise and New Towns (Scotland) Act 1990 by Scottish Enterprise or Highlands and Islands Enterprise for the discharge by that body of any of the functions of Scottish Enterprise or, as the case may be, Highlands and Islands Enterprise; or
- (d)   a body being a company:-
  i. established wholly or mainly for the purpose of providing services to the Councillor's local authority; and
  ii. which has entered into a contractual arrangement with that local authority for the supply of goods and/or services to that local authority.

OR

I declare an interest in item (x) for the following reasons……and although the body is covered by a specific exclusion, the matter before the Committee is one that is quasi-judicial / regulatory in nature where the body I am a member of:

- is applying for a licence, a consent or an approval
- is making an objection or representation
- has a material interest concerning a licence consent or approval
- is the subject of a statutory order of a regulatory nature made or proposed to be made by the local authority…. and I will therefore withdraw from the meeting room during any discussion and voting on that item.

Aberdeen City Health & Social Care Partnership
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Audit and Performance Systems Committee

Minute of Meeting

Tuesday, 29 October 2019
10.00 am Meeting Room 4 / 5, Health Village

Present: John Tomlinson, Chairperson; and Luan Grugeon, Councillor Philip Bell and Councillor John Cooke (as substitute for Councillor Cllr Gill Al-Samarai)

Also in attendance;   Sandra Ross (Chief Officer), Alex Stephen (Chief Finance Officer), Susie Downie, (Transformation Programme Manager), Calum Leask (Transformation Programme Manager), Alison MacLeod (Lead Strategy and Performance Manager), Jennifer McCann (Community Links Development Manager), Grace Milne (Personal Assistant) and Sandy Reid (Lead, People and Organisation), all of Aberdeen City Health and Social Care Partnership (ACHSCP), Liane Cardno (Health Intelligence, NHS Grampian), John Forsyth and Derek Jamieson (both Aberdeen City Council (ACC) and David Hughes, (Internal Audit, Aberdeenshire Council)

Apologies: Councillor Al-Samarai

The agenda and reports associated with this minute can be found here. Please note that if any changes are made to this minute at the point of approval, these will be outlined in the subsequent minute and this document will not be retrospectively altered.

DECLARATIONS OF INTEREST

1.   Members were requested to intimate any declarations of interest.

The Committee resolved:-
to note that no declarations of interest were intimated at this time for items on today's agenda.

EXEMPT BUSINESS

2.   The Chair intimated that there were no items of exempt business

The Committee resolved:-
to note that that there were no items of exempt business.

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE
29 October 2019

MINUTE OF PREVIOUS MEETING OF 20 AUGUST 2019

3.   The Committee had before it the minute of the previous meeting.

The Committee resolved:-
to approve the minute as a correct record.

BUSINESS PLANNER

4.   The Committee had before it the Business Planner as prepared by the Chief Finance Officer.

The Committee heard that with reference to Item 6 (Review of relevant Audit Scotland Reports), the NHS Scotland Audit Report would be presented to the next committee meeting. It was also advised that Digital Infrastructure would be presented to the Integration Joint Board along with the Transformation Report.

The Committee resolved:-
(1) to transfer Item 5 (Review of Terms of Reference) to the Integration Joint Board,
(2) to delay Item 7 (Board Assurance & Escalation Framework) and Item 10 (PCIP Evaluation Framework) to the February 2020 meeting of the Committee, and
(3) to otherwise note the content of the Business Planner.

GROWING THE PRIMARY CARE WORKFORCE - HSCP.19.058

5.   The Committee had before it a report presented by the Chief Officer. The report followed from the NHS Scotland publication, "NHS workforce planning – part 2 - The clinical workforce in general practice", as attached, and highlighted the significant challenges to increasing the number of people working in primary care and Aberdeen City Health and Social Care Partnership's (ACHSCP) response to these.

The report recommended:
that the Committee:-
a) note the significant challenges to increasing the primary care workforce, and
b) instruct the Chief Officer to bring back a fuller report on the mitigating actions in light of the work being undertaken to reconsider the Primary Care Improvement Plan (PCIP) and implement the Workforce Plan.

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE
29 October 2019

The Committee were presented a summary of the report which highlighted that the report was not exclusive to General Practitioners and that amended tax rules together with transformation had introduced challenges to maintaining existing staff.

The Committee heard of various measures being taken within the partnership to transform service delivery and maximise workforce availability. These included skill transfer and modernisation together with a recruitment and retention campaign for staff together with re-advertising the 'Know Who To Turn To' public information.

The Committee resolved:-
To approve the recommendations.

INTERNAL AUDIT REPORT AC1908 - NON-RESIDENTIAL CARE CHARGING POLICY - HSCP.19.055

6. The Committee had before it the report presented by the Chief Internal Auditor which provided the outcome of the audit of the Non-Residential Charging Policy as directed in the 2018/2019 Audit Plan for Aberdeen City Council.

The report recommended:-
that the Committee review, discuss and comment on the issues raised within this report.

The Committee were presented with a summary of the findings which were intended to provide assurance.

The Committee heard that whilst there had been some historical minor price increases, these latest increases had been the first in a number of years. The effect on demand for services had been minimal.

The Committee were advised that it was intended to provide further assurance on the subject with an Audit Plan Report during 2021.

The Committee resolved:-
(1) to approve the recommendation, and
(2) to note that a further Internal Audit Report would be presented in 2020, within a 12 month period.

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE
29 October 2019

INTERNAL AUDIT REPORT AC1924 - INTEGRATION JOINT BOARD DIRECTIONS - HSCP.19.056

7.   The Committee had before it a report presented by the Chief Internal Auditor which provided the outcome of the audit of Integration Joint Board (IJB) Directions as included in the 2018/19 IJB Internal Audit Plan.

The report recommended:
that the Committee review, discuss and comment on the issues raised within this report.

The Committee heard that this report would also be presented to the Aberdeen City Council Audit, Risk and Scrutiny Committee. A summary presentation indicated that whilst some Directions were clear, others lacked clarity and that there had been positive response to the audit recommendations.

The Committee were advised that the Directions process was still relatively new and that the audit had been most helpful to enhance already developing processes including creation of a Directions Planner.

The Committee resolved:-
(1) to approve the recommendation, and
(2) to note the creation of a Directions Planner and instruct the Chief Officer to present this to the Committee on 25 February 2020.

REVIEW OF FINANCIAL REGULATIONS - HSCP.19.054

8.   The Committee had before it a report presented by the Chief Finance Officer which included amendments to the Integration Joint Board's (IJB) Financial Regulations.

The report recommended:-
that the Committee approve the revised Financial Regulations, as at Appendix A.

The Committee were presented with a summary of the revisions and any impact in consequence.

The Committee resolved:-
to approve the recommendation.

PERFORMANCE DASHBOARD - HSCP.19.057

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE
29 October 2019

9.   The Committee had before it a report presented by the Chief Officer which included the latest draft of the Performance Dashboard linked to the Integration Joint Board (IJB) Strategic Plan.

The report recommended:
that the Committee
a) Review the draft Performance Dashboard,
b) Provide verbal feedback and comment to the Lead Strategy and Performance Manager to inform further development of the Dashboard, and
c) Instruct the Lead Strategy and Performance Manager on the format and
     frequency of the committee's future performance reporting requirements
     and how this might align to performance information reported to the
     Clinical and Care Governance Committee.

The Committee were presented with a summary of the report and received a full demonstration of the Performance Dashboard in its current format.

The Committee heard that the Landing page and Spine Charts could be presented in print format however further exploration would require digital use only and accordingly members would be granted access to the Performance Dashboard to enable delivery of their assurance role.

The Committee resolved:-
(1) to approve the recommendations,
(2) that officers provide the Committee with full access to the Performance Dashboard,
(3) to provide positive appreciation of the work undertaken to develop the Performance Dashboard, and
(4) to instruct officers to present the Landing Page and Spine Charts of the Performance Dashboard as a Standing Item on the Committee agenda

TRANSFORMATION PROGRESS REPORT - HSCP.19.059

10.   The Committee had before it a report presented by the Chief Officer which included a high-level overview of the full transformation programme, a detailed evaluation of the Link Working Service in Aberdeen, and brought to the attention of the committee the first formal published report produced by the partnership, "Patient's Perspectives of the INCA Service".

The report recommended:
that the Committee note the information provided in the report.

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE
29 October 2019

The Committee were presented with an overview of the report and were reminded that the Integration Joint Board (IJB) had included 5 new programmes to the Transformation Programme.

The Committee heard that the report provided a very helpful review with a lot of information which included real challenges and causes for concern which were considered under risks.

The Committee received a presentation on the Aberdeen Links Service which indicated that a review had been undertaken of the service which had been operating for 2 years and had received funding for a further 2 years.

The Committee were interested to learn of this service's wider impact within the Community Planning environment and that whilst this had been identified and approved as a 'scale-up project', were keen that partners' contributions and opinions be explored.

The Committee resolved:-
(i)   to approve the recommendation, and
(ii)   to instruct the Chief Officer to obtain an understanding from Community Planning partners on their contributions to ensure a collective approach is maintained.

CONFIRMATION OF ASSURANCE

11.   The Chair provided Members with an opportunity to request additional sources of assurance for items on today's agenda, and thereafter asked the Committee to confirm it had received reasonable assurance to fulfil its duties as outlined within its Terms of Reference.

The Committee resolved:-
to confirm that they had received sufficient assurance from the reports presented.
-    **JOHN TOMLINSON, Chairperson**

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE
29 October 2019

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	A	B	C	D	E	F	G	H	I	J
1	RISK and AUDIT PERFORMANCE COMMITTEE BUSINESS PLANNER The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year.									
2	Date Created	Report Title	Minute Reference/Committee Decision or Purpose of Report	Report Number	Report Author	Lead Officer / Business Area	Directorate	Update/ Status (RAG)	Delayed or Recommended for removal or transfer, enter either D, R, or T	Explanation if delayed, removed or transferred
14	25 February 2020									
15	Standing Item	Financial Monitoring Report	Nov-19 (IJB), 25 Feb (APS)	HSCP19103	Alex Stephen	Chief Finance Officer	ACHSCP			
16	Standing Item	Review of relevant Audit Scotland reports	Good practice to see national position	HSCP19104	Alex Stephen	Chief Finance Officer	ACHSCP			Audit Scotland 'NHS in Scotland' is circulated.
17	Standing Item	Quarterly Performance Monitoring	Per APSC Terms of Reference		Alison Macleod	Lead Strategy Manager	ACHSCP		D	Performance Dashboard currently being updated/ enhanced ready for next committee
18	Standing Item	Review of Risk Appetite Statement	Per APSC Terms of Reference	HSCP19101	Martin Allan	Business Manager	ACHSCP			Amalgamated with Strategic Risk Register
19	Standing Item	Transformation Programme Monitoring	Quarterly Reporting	HSCP19102	Gail Woodcock	Transformation Lead	ACHSCP			PCIP Evaluation Framework is reported
20	Annual	Internal Audit Plan	RAP to review and approve annual Audit Plan	HSCP19107	David Hughes	Chief Internal Auditor	Governance			
21	Standing Item	Internal Audit Reports	Assurance that services are operating effectively	HSCP19100	David Hughes	Chief Internal Auditor	Governance			
22	Standing Item	External Auditor Annual Plan	Per APSC Terms of Reference	HSCP19105	Andy Shaw	External Audit	ACHSCP			
23	Standing Item	Strategic Risk Register	Bi-Annual - August and February	HSCP19101	Martin Allan	Business Manager	ACHSCP			Amalgamated with Review of Risk Appetite Statement
24	20190820	Internal Audit Report AC1924 - IJB Directions -HSCP.19.056	to note the creation of a Directions Planner and instruct the Chief Officer to present this to the Committee on 25 February 2020.		Alex Stephen	Chief Finance Officer	ACHSCP		D	The Directions Planner continues as work-in-progress. An update will be prepared for 2 June 2020
25	20190820	Growing the Primary Care Workforce	instruct the Chief Officer to bring back a fuller report on the mitigating actions in light of the work being undertaken to reconsider the Primary Care Improvement Plan (PCIP) and implement the Workforce Plan.		Sandy Reid	Resources Lead	ACHSCP		D	Delayed to 2 June 2020
26	20190820	Board Assurance and Escalation Framework (BAEF)	to delay Item 7 (Board Assurance & Escalation Framework) to the February 2020 meeting of the Committee,		Martin Allan	Business Manager	ACHSCP		D	This report is delayed awaiting reports from NHS Grampian
27	20190820	PCIP Evaluation Framework	to delay Item 10 (PCIP Evaluation Framework) to the February 2020 meeting of the Committee,	HSCP19102	Gail Woodcock	Transformation Lead	ACHSCP			
28	20200120	Audit Scotland "NHS in 2019"	IJB Standing Item to consider national position	HSCP19104	Lynn Morrison	AHP Lead	ACHSCP			
29	28 April 2020									

	A	B	C	D	E	F	G	H	I	J
2	Date Created	Report Title	Minute Reference/Committee Decision or Purpose of Report	Report Number	Report Author	Lead Officer / Business Area	Directorate	Update/ Status (RAG)	Delayed or Recommended for removal or transfer, enter either D, R, or T	Explanation if delayed, removed or transferred
30	20190528	APS Duties Report	APS 28.05.2019 - Request that the Chief Finance Officer presents this report to the APS on an annual basis at the start of each financial year.		Alex Stephen	Chief Finance Officer	ACHSCP			
31	20190127	Strategic Objectives			Martin Allan	Business Manager	ACHSCP		D	These will be presented on 2 June 2020
32	Standing Item	Review of relevant Audit Scotland reports	Good practice to see national position		Alex Stephen	Chief Finance Officer	ACHSCP			
33	Standing Item	Transformation Programme Monitoring	Quarterly Reporting		Gail Woodcock	Transformation Lead	ACHSCP			
34	Standing Item	Internal Audit Reports	Assurance that services are operating effectively		David Hughes	Chief Internal Auditor	Governance			
35	Standing Item	Review of Local Code of Governance	To provide assurance on Governance Environment		Alex Stephen	Chief Finance Officer	ACHSCP			
36	Standing Item	Review of Financial Governance	To provide assurance on Governance Environment		Alex Stephen	Chief Finance Officer	ACHSCP			
37	Standing Item	Approval of unaudited Accounts	Per APSC Terms of Reference		Alex Stephen	Chief Finance Officer	ACHSCP			
38	Standing Item	Annual Governance Statement	To provide assurance on Governance Environment		Alex Stephen	Chief Finance Officer	ACHSCP			
39					**2 June 2020**					
40	Standing Item	Internal Audit Annual Report	Assurance that services are operating effectively		David Hughes	Chief Internal Auditor	Governance			
41	Standing Item	Review of relevant Audit Scotland reports	Good practice to see national position		Alex Stephen	Chief Finance Officer	ACHSCP			
42	Standing Item	Transformation Programme Monitoring	Quarterly Reporting		Gail Woodcock	Transformation Lead	ACHSCP			
43	Standing Item	Internal Audit Reports	Assurance that services are operating effectively		David Hughes	Chief Internal Auditor	Governance			
44	Standing Item	Review of Code of Conduct	Per APSC Terms of Reference		Derek Jamieson	Committee Officer	Governance			
45	Standing Item	Approval of Audited Accounts	Per APSC Terms of Reference		Alex Stephen	Chief Finance Officer	ACHSCP			
46	Standing Item	External Audit Report	Per APSC Terms of Reference		Andy Shaw	External Audit	KPMG			
47	Standing Item	Contract Register Annual Review	Annual - to APS in May/June; to IJB in Nov/Dec - last reported September 2018		Anne McKenzie	Lead Commissioner	ACHSCP			
48					**25 August 2020**					
49	Standing Item	Strategic Risk Register	Bi-Annual - August and February		Martin Allan	Business Manager	ACHSCP			

Aberdeen City Health & Social Care Partnership

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ABERDEEN CITY INTEGRATION JOINT BOARD

RISK, AUDIT AND PERFORMANCE COMMITTEE TERMS OF REFERENCE

1.   Introduction

(1)   The Risk, Audit & Performance (RAP) Committee is identified as a Committee of the Integration Joint Board (IJB). The approved Terms of Reference and information on the composition and frequency of the Committee will be considered as an integral part of the Standing Orders.

(2)   The RAP Committee of the IJB and will be a Standing Committee of the Board.

(3)   The purpose of the Committee is to provide assurance to the IJB on the robustness of the Partnership's risk management, financial management, service performance and governance arrangements, including for the avoidance of doubt, Services hosted by Aberdeen City's IJB on behalf of other integration authorities.

(4)   The Chief Finance Officer shall be the operational lead for the RAP Committee.

2.   Constitution

(1)   The IJB shall appoint four members to the RAP Committee all of whom shall have voting rights. These members shall be nominated by each partner. Each partner shall nominate two members.

(2)   The IJB may appoint such additional members to the RAP Committee as it sees fit. These may consist of one Patient Representative and one Carer's Representative, neither of whom shall have voting rights.

(3)   A voting member who is unable to attend a meeting must arrange insofar as possible for a suitably experienced substitute, who is a member of the appropriate constituent authority, to attend in their place. This substitute shall have voting rights.

(4)   A non-voting member who is unable to attend a meeting may arrange for a suitable substitute to attend the meeting in their place.

1

ABERDEEN CITY INTEGRATION JOINT BOARD

RISK, AUDIT AND PERFORMANCE COMMITTEE TERMS OF REFERENCE

3. Chairperson

(1) The Committee will be chaired by a non-office bearing voting member of the IJB and will rotate between NHS Grampian and Aberdeen City Council.

(2) Where the Chair is unable to attend a meeting, any substitute attending in their place shall not preside over the meeting.

(3) The Chair shall be appointed by the IJB for a period not exceeding two years.

4. Quorum

(1) Three voting Members of the Committee will constitute a quorum.

5. Attendance at Meetings

(1) The principal advisers to the Committee who shall be required to attend as a matter of course shall be:
    (a) Chief Officer;
    (b) Chief Finance Officer; and
    (c) Chief Internal Auditor.

(2) Other professional advisors and senior officers are required as a matter of course and shall attend meetings at the invitation of the Committee. These persons may include, but are not limited to:
    (a) External Audit;
    (b) IJB Lead Strategy and Performance Manager;
    (c) IJB Lead Transformation Manager;
    (d) IJB Business Manager; and
    (e) IJB Commissioning Lead.

(3) The Committee may co-opt additional advisors as required.

(4) The IJB Chief Finance Officer shall be the Lead Officer for the RAP Committee. Their role is to ensure that committee reports are submitted in a timely manner and monitored prior to the committee date.

2

6. **Meeting Frequency**

(1) The Committee will meet at least four times each financial year. There should be at least one meeting a year, or part thereof, where the Committee meets the External and Chief Internal Auditor without other senior officers present.

(2) Except where required by statute, no item of business shall be considered at a meeting unless a copy of the agenda including the item of business and any associated report has been issued and open to members of the public seven days before the Committee date or, by reason of special circumstances which shall be recorded in the minute, the Chair is of the opinion that the item should be considered as a matter of urgency and at such stage of the meeting as the Chairperson shall determine.

(3) In the event that an item of business has to be considered on an urgent basis, a meeting may be called at 48 hours' notice by the Chair following consultation with the Chief Finance Officer. The Urgent Business meeting shall retain all the AP's functions and powers.

7. **Authority**

(1) The Committee is authorised to instruct further investigation on any matters which fall within its Terms of Reference. It shall report its findings to the IJB when it has done this.

8. **Reports by Officers**

(1) Reports must be produced in draft to the following officers for consultation in accordance with the published timetable prior to being accepted onto the RAP Committee final agenda:-

a) Chair of the RAP Committee;

b) IJB Chief Officer;

c) IJB Chief Finance Officer;

d) Chief Officer – Finance, ACC;

e) Director of Finance, NHSG;

3

    f) Chief Officer – Governance, ACC; and

    g) Clerk to the RAP Committee.

(2) Aberdeen City Council's Leader(s) and Convener of the City Growth and Resources Committee shall be consulted on draft reports relating to the IJB Budget in line with the requirements of the IJB Budget Protocol.

9. Duties

The Committee shall:-

Audit

(1) Review and approve the annual audit plans (internal and external) on behalf of the IJB, receiving reports, overseeing and reviewing actions taken on audit recommendations and escalating to the IJB as appropriate.

(2) Monitor the annual work programme of Internal Audit, including ensuring IJB oversight of the function and programme to ensure this is carried out strategically.

(3) Be aware of, and act on, Audit Scotland, national and UK audit findings and inspections/regulatory advice, and to confirm that all compliance has been responded to in timely fashion.

(4) The Committee shall present the minute of its most recent meeting to the next meeting of the IJB for information only.

Performance

(5) Review and monitor the strategy for performance the performance of the Partnership towards achieving its policy objectives and priorities in relation to all functions of the IJB. This includes ensuring that the Chief Officer establishes and implements satisfactory arrangements for reviewing and appraising service performance against the national health and wellbeing outcomes, the associated core suite of indicators and other local objectives and outcomes and for reporting this appropriately to the Committee and Board.

4

(6)   Review transformation and service quality initiatives. Monitor the transformation programme considering main streaming, where appropriate.

(7)   Support the IJB in ensuring that the Board performance framework is working effectively, and that escalation of notice and action is consistent with the risk tolerance set by the Board.

(8)   Review the Annual Performance Report to assess progress toward implementation of the Strategic Plan.

(9)   Instruct Performance Reviews and related processes.

(10)   Support the IJB in delivering and expecting cooperation in seeking assurance that hosted services run by partners are working.

Risk & Governance

(11)   The risk tolerance of the Committee is established by the Board Assurance Framework which itself is based on the Board's understanding of the nature of risk to its desired priorities and outcomes and its appetite for risk-taking. This role will be reviewed and revised within the context of the Board and Committee reviewing these Terms of Reference and the Assurance Framework to ensure effective oversight and governance of the partnership's activities.

(12)   Ensure the existence of and compliance with an appropriate risk management strategy including: Reviewing risk management arrangements; receiving biannual Strategic Risk Management updates and undertaking in-depth review of a set of risks and annually review the IJB's risk appetite document with the full Board.

(13)   Approve the sources of assurance used in the Annual Governance Statement.

(14)   Review the overall Internal Control arrangements of the Board and make recommendations to the Board regarding signing of the Governance Statement, having received assurance from all relevant Committees.

5

Financial

    (15)   Consider and approve annual financial accounts and related matters

    (16)   Receive regular financial monitoring reports

    (17)   Act as a focus for value for money.

    (18)   Approve budget virements.

10. Review

    (1)   The Terms of Reference will be reviewed annually to ensure their ongoing appropriateness in dealing with the business of the IJB.

    (2)   As a matter of good practice, the Committee should expose itself to periodic review utilising best practice guidelines.

6

Aberdeen City Health & Social Care Partnership
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RISK, AUDIT AND
PERFORMANCE COMMITTEE

Date of Meeting	25.02.20
Report Title	Risk Appetite Statement and Strategic Risk Register
Report Number	HSCP
Lead Officer	Sandra Macleod, Chief Officer
Report Author Details	Name: Martin Allan Job Title: Business Manager Email Address: martin.allan3@nhs.net
Consultation Checklist Completed	*Yes*
Appendices	a. Risk Appetite Statement b. Strategic Risk Register

1. Purpose of the Report

1.1. To present the Risk, Audit and Performance Committee with the latest version of the Aberdeen City Health & Social Care Partnership's (ACHSCP) Risk Appetite Statement and Strategic Risk Register, as reviewed by the Integration Joint Board (IJB) at its workshop on the 19 November, 2019 and considered by the IJB at its meetings on 21 January, and 11th February, 2020.

2. Recommendations

2.1. It is recommended that the Risk, Audit and Performance Committee:

a) Note the revised Risk Appetite Statement, as approved by the IJB, detailed in Appendix A to the report;

b) Note the Strategic Risk Register, as considered by the IJB at its meetings in January and February, 2020 and discussed at the IJB Workshop on Workforce in February, 2020, as detailed in Appendix B to the report.

1

3. Summary of Key Information

IJB Workshop on Strategic Risk Register and Consideration by IJB

3.1. The IJB held a workshop on the 19 of November, 2019 where it considered both the Risk Appetite Statement and the Strategic Risk Register. The relevant risk owners were in attendance and suggested revisions to both documents were made.

3.2. The key changes to the Risk Appetite Statement as a result of the workshop was with regard to the dimension of risk relating to commissioned and hosted services. It was agreed to change the tolerance, specifically in relation to risks relating to service redesign or improvement, from **Low to Moderate** to **Moderate to High**. The Workshop also agreed to add narrative to this dimension explaining that the revision to the tolerance would be in circumstances where as much risk as possible has been mitigated. The IJB at its meeting on the 21 of January, 2020 approved the revised Risk Appetite Statement. A copy of the revised Risk Appetite Statement is attached as Appendix A to this report.

3.3. The key changes to the Strategic Risk Register as a result of the workshop were to lower risk 4 "there is a risk that relationship arrangements between the IJB and its partner organisations (Aberdeen City Council (ACC) & NHS Grampian (NHSG)) are not managed to maximise the full potentials of integrated & collaborative working. This risk covers the arrangements between partner organisations in areas such as governance; corporate service; and performance" from **Medium** to **Low**; and raise risk 9 "there is a risk of failure to recruit and that workforce planning across the Partnership is not sophisticated enough to maintain future service deliver" from **High** to **Very High**.

3.4. Those present at the workshop also requested that Risk 9 be reworded to reflect service redesign to help decrease this risk. The revised wording is as follows "**There is a risk that if the System does not redesign services from traditional models in line with the current workforce marketplace in the City this will have an impact on the delivery of the IJB Strategic Plan**".

3.5. The IJB at its meeting on the 21 of January, 2020 noted the revised Strategic Risk Register and asked that the wording for mitigating actions for Risk 1 relating to the provider of last resort be revised and reported back to the IJB. The IJB at its meeting on the 11 of February, 2020 agreed wording relating to the mitigating actions. The updated Strategic Risk Register (including the revised wording on mitigations), is attached as Appendix B to this report.

IJB Workshop on Workforce

3.6. The reworded strategic risk 9 was referenced during the IJB's workshop on Workforce on the 11 of February, 2020. The main points raised at the workshop which have been added to risk 9 were with regard to how the Partnership can actively provide comments through the consultation process on the Chapters relating to the Health and Social Care (Staffing) (Scotland) Act 2019.

Implications for IJB

3.7. **Equalities** –there are no direct equalities implications as a result of this report, these implications will be taken into account when implementing certain mitigations.

3.8. **Fairer Scotland Duty** – there are no direct Fairer Scotland implications arising as a result of this report, the duty will be taken into account, where appropriate, where implementing certain mitigations.

3.9. **Financial** – there are no direct financial implications arising as a result of this report, however financial implications will be taken into account when implementing certain mitigations.

3.10. **Workforce -** there are no direct workforce implications arising as a result of this report.

3.11. **Legal -** there are no direct legal implications arising as a result of this report.

RISK, AUDIT AND PERFORMANCE COMMITTEE

4. Links to ACHSCP Strategic Plan

4.1. Ensuring a robust and effective risk management process will help the ACHSCP achieve the strategic priorities as outlined it its strategic plan, as it will monitor, control and mitigate the potential risks to achieving these. The Strategic Risks have been aligned to the Strategic Plan 2019-2022.

5. Management of Risk

5.1. **Identified risks(s):** Specific individual components of risks outlined in the Strategic Risk Register could potentially impact on our ability to deliver services.

5.2. **Link to risks on strategic or operational risk register:** The Strategic Risk Register comprises 10 risks that are considered by both the IJB and the Risk, Audit and performance Committee. These strategic risks reflect themes evidenced on the Operational Risk Register.

5.3. **How might the content of this report impact or mitigate these risks:** Ensuring a robust and effective risk management process will help to mitigate all risks (as detailed in the 10 individual strategic risks in the attached register).

Approvals	
Sandra Macleod	Sandra Macleod (Chief Officer)
	Alex Stephen (Chief Finance Officer)

4

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Strategic Risk Register

Revision	Date
1.	March 2018
2.	September 2018
3.	October 2018 (IJB & APS)
4.	February 2019 (APS)
5.	March 2019 (IJB)
6.	August 2019 (APS)
7.	October 2019 (LT)
8.	November 2019 (IJB workshop)
9.	January 2020
10.	February 2020

Introduction & Background

This document is made publicly available on our website, in order to help stakeholders (including members of the public) understand the challenges currently facing health and social care in Aberdeen.

This is the strategic risk register for the Aberdeen City Integration Joint Board, which lays the foundation for the development of work to prevent, mitigate, respond to and recover from the recorded risks against the delivery of its strategic plan.

Just because a risk is included in the Strategic Risk Register does not mean that it will happen, or that the impact would necessarily be as serious as the description provided.

More information can be found in the Board Assurance and Escalation Framework and the Risk Appetite Statement.

Appendices

- Risk Tolerances
- Risk Assessment Tables

Colour – Key

Risk Rating	Low	Medium	High	Very High
Risk Movement		Decrease	No Change	Increase

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Risk Summary:

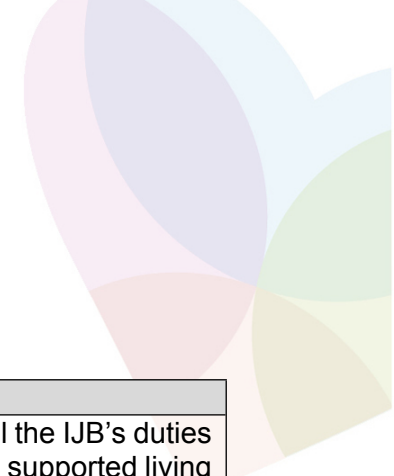|		
1	There is a risk that there is insufficient capacity in the market (or appropriate infrastructure in-house) to fulfil the IJB's duties as outlined in the integration scheme. This includes commissioned services and general medical services.	**High**
2	There is a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and projects an overspend.	**High**
3	There is a risk that the outcomes expected from hosted services are not delivered and that the IJB does not identify non-performance in through its systems. This risk relates to services that Aberdeen IJB hosts on behalf of Moray and Aberdeenshire, and those hosted by those IJBs and delivered on behalf of Aberdeen City.	**High**
4	There is a risk that relationship arrangements between the IJB and its partner organisations (Aberdeen City Council & NHS Grampian) are not managed to maximise the full potentials of integrated & collaborative working. This risk covers the arrangements between partner organisations in areas such as governance; corporate service; and performance.	**Low**
5	There is a risk that the IJB, and the services that it directs and has operational oversight of, fail to meet both performance standards/outcomes as set by regulatory bodies and those locally-determined performance standards as set by the board itself. This may result in harm or risk of harm to people.	**Medium**
6	There is a risk of reputational damage to the IJB and its partner organisations resulting from complexity of function, delegation and delivery of services across health and social care	**Medium**
7	Failure to deliver transformation at a pace or scale required by the demographic and financial pressures in the system	**High**
8	There is a risk that the IJB does not maximise the opportunities offered by locality working	**High**
9	There is a risk that if the System does not redesign services from traditional models in line with the current workforce marketplace in the City this will have an impact on the delivery of the IJB Strategic Plan.	**Very High**
10	There is a risk that ACHSCP is not sufficiently prepared to deal with the impacts of Brexit on areas of our business, including affecting the available workforce and supply chain.	**High**

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- 1 -

Description of Risk: There is a risk that there is insufficient capacity in the market (or appropriate infrastructure in-house) to fulfil the IJB's duties as outlined in the integration scheme. Commissioned services in this context include third and independent providers of care and supported living and independent providers of general medical services. Additional pressures from other parts of the system also add to market instability. For example, recruitment of care staff within a competing market, reduction of available beds and the requirement to care for more complex people at home.

Strategic Priority: Prevention and Communities	**Leadership Team Owner:** Lead Commissioner
Risk Rating: low/medium/high/very high	**Rationale for Risk Rating:**

Risk Rating: low/medium/high/very high

HIGH

Risk Movement: increase/decrease/no change

NO CHANGE 11.02.2020

Rationale for Risk Rating:
- There have been several experiences of provider failure in the past and this has provided valuable experience and an opportunity for learning. There is unmet need in the care sector evidenced by out of area placements and use of agency staff which would indicate that there are insufficient staff to fill roles etc.
- Discussion with current providers and understanding of market conditions across the UK and in Aberdeen locally.
- Impact of Living Wage on profitability depending on some provider models (employment rates in Aberdeen are high, care providers have to compete within this market)

Rationale for Risk Appetite:
- As 3rd and independent sectors are key strategic partners in delivering transformation and improved care experience, we have a low tolerance of this risk. It is suggested that this risk tolerance should be shared right throughout the organisation, which may encourage staff and providers to escalate valid concerns at an earlier opportunity.

4

Controls:

- Robust market and relationship management with the 3rd and independent sector and their representative groups, building a sense of shared risk, in an environment where people operate in a respectful and responsible fashion. In particular, with a sense of etiquette in the way in which businesses conduct themselves

- Market facilitation programme and robust contract monitoring process. Working in partnership to advise, design and stimulate a vibrant care market, including the development of a provider network, a market position statement and a training passport.

- GP Contracts and Contractual Review and GP Sustainability Risk Review - workforce and role review in primary care.

- Funding arrangements which take into account the annual increase to support payment of the Scottish Living wage

- Contract monitoring arrangements – regular exchange of information between contracts and providers

- Clinical and care governance processes – and the opportunity to provide assurance, including assurance that all appropriate leadership team members and staff have undertaken Adult Protection training.

Mitigating Actions:

- The IJB's commissioning model has an influence on creating capacity and capability to manage and facilitate the market

- Development of provider forum and peer mentorship to support relationship and market management. This includes a workshop on business continuity.

- Risk fund set aside with transformation funding

- Approved Reimaging Primary Care Vision and currently implementing the Primary Care Improvement Plan

- Implementation of the new GMS Contract.

- Aberdeen City Council has a duty under the Social Work (Scotland) Act 1968 to provide social care services, including acting as 'provider of last resort'. Bon Accord Care (BAC) has been contracted to provide certain social care services. So long as BAC exists, the Council expects BAC to act as provider of last resort. Should BAC cease to trade (the Council as sole shareholder could take steps to prevent that), the Council would be responsible for providing those statutory services. Therefore, ultimately, the Council is provider of last resort as it has the statutory duties. However so long as BAC exists, it is expected to perform the role of provider of last resort.

• Leadership team monthly discussion of operational and strategic risk – to ensure shared sense of responsibility and approach to potential challenging situations. • Lessons learned during a recent experience of managing a residential home; GP practice closure and care provider should market failure occur, and the transition of a significant number of care packages, and continued strengthening relationships and partnership working	• Provider Forum business continuity plan workshop • The development of risk predictor tools in association with the care inspectorate, and individual team escalation plans
Assurances: • Market management and facilitation • Inspection reports from the Care Inspectorate • Contract monitoring process, including GP contract review visit outputs.	**Gaps in assurance:** • Market or provider failure can happen quickly despite good assurances being in place. For example, even with the best monitoring system, the closure of a practice can happen very quickly, with (in some cases) one partner retiring or becoming ill being the catalyst. • We are currently undertaking service mapping which will help to identify any potential gaps in market provision
Current performance: • A 'Lessons Learnt' exercise was undertaken in February 2019 with the contracts team relating to the recent situation with Allied Healthcare – this will provide useful information should other providers fail. • Several GP practices have required support from ACHSCP over the past 2 years, most recently Carden.	**Comments:** • National Care Home Contract uplift for 2016/17 was 6.4% and 2.8% 2017/18. Negotiations with individual providers are currently taking place for uplifts specific to their needs of up to 3.8%. • IJB agreed payment of living wage to Care at Home providers for 2016/17, 2017/18 and 2018/19

• We held a workshop with providers in October 2019 to progress the development of a training passport. We have taken that learning and we have established a test of change - implementing a collaborative approach to the delivery of medication administration training between 4 providers. Aberdeenshire are doing a similar test with moving and handling • Our approach to the redesign of care at home and supported living has been through collaboration with providers. Two workshops were held in 2019 to progress shared vision for this provision. The ideas for future delivery were presented to over 80 representatives from provider services on 13th January 2020 and a further question and answer session will be held on January 28th. One of our key objectives in this design is market sustainability. A leader in market sustainability attended the session on the 13th and we have received positive feedback about our approach	

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-2-

Description of Risk:
There is a risk of IJB financial failure and projecting an overspend, due to demand outstripping available budget, which would impact on the IJB's ability to deliver on its strategic plan (including statutory work).

Strategic Priority: Prevention and Communities	**Leadership Team Owner:** Chief Finance Officer

Risk Rating: low/medium/high/very high

HIGH

Risk Movement: increase/decrease/no change*:*

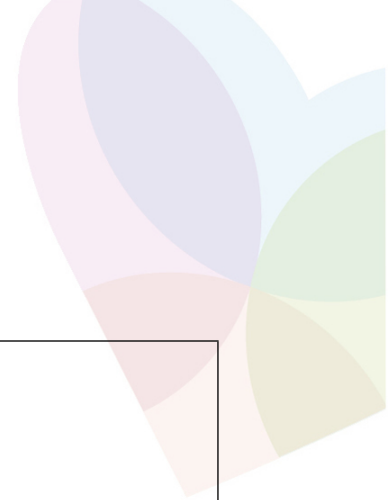| NO CHANGE 31.01.2020 |
|---|

Rationale for Risk Rating:

- If the partnership fails financially then decisions will be required to stop services. In a health and social care environment this is difficult to do given the reliance service users place on these services. It could also impact on the delivery of the strategy plan as officer's time would be diverted from transformational activities to balance the budget.

- If the levels of funding identified in the Medium Term Financial Framework are not made available to the IJB in future years, then tough choices would need to be made about what the IJB wants to deliver. It will be extremely difficult for the IJB to continue to generate the level of savings year on year to balance its budget.

Rationale for Risk Appetite:
The IJB has a low-moderate risk appetite to financial loss and understands its requirement to achieve a balanced budget. The IJB recognises the impacts of failing to achieve a balanced budget on Aberdeen City Council & its bond – an unmanaged overspend may have an impact on funding levels.

However the IJB also recognises the significant range of statutory services it is required to meet within that finite budget and has a lower appetite for risk of harm

	to people (low or minimal).
Controls: Budgets delegated to cost centre level and being managed by budget holders.	**Mitigating Actions:** • Financial information is reported regularly to the Audit & Performance Systems Committee, the Integration Joint Board and the Leadership Team. • Approved reserves strategy, including risk fund. • Robust financial monitoring and budget setting procedures including regular budget monitoring & budget meeting with budget holders. • Medium-Term Financial Strategy was reviewed and approved at the IJB on 12th March 2019. This includes a predicted outlook for 10 years • Audit & Performance Systems receives regular updates on transformation programme & spend. • The Leadership Team are committed to driving out efficiencies, encouraging self-management and moving forward the prevention agenda to help manage future demand for services. Lean Six Sigma methodology is being applied to carry out process improvements.

Assurances:	Gaps in assurance:
- Audit and Performance Systems Committee oversight and scrutiny of budget under the Chief Finance Officer. - Board Assurance and Escalation Framework. - Quarterly budget monitoring reports. - Regular budget monitoring meetings between finance and budget holders.	- The financial environment is challenging and requires regular monitoring. The scale of the challenge to make the IJB financially sustainable should not be underestimated. - Financial failure of hosted services may impact on ability to deliver strategic ambitions.
Current performance:	**Comments:**
- Year-end position for 2017/18 - Forecasted year end position 2018/19 overspend on mainstream position - Projected overspend on mainstream budgets can be accommodated from within the total resources available to the IJB.	- Regular and ongoing budget reporting and management scrutiny in place. - Budget monitoring procedure now well established. - Budget holders understand their responsibility in relation to financial management. - Scottish Government Medium Term H&SC Financial Framework – released and considered by APS Committee. - The recent Audit Scotland report 'Progress with Integration' recommended that HSCPs should aspire to develop a long-term financial strategy.

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- 3 -

Description of Risk: There is a risk that hosted services do not deliver the expected outcomes, fail to deliver transformation of services, or face service failure and that the IJB fails to identify such non-performance through its own systems and pan-Grampian governance arrangements. This risk relates to services that Aberdeen IJB hosts on behalf of Moray and Aberdeenshire, and those hosted by those IJBs and delivered on behalf of Aberdeen City.

Strategic Priority: Prevention and Connections.	**Leadership Team Owner:** Chief Officer

Risk Rating: low/medium/high/very high **HIGH**	**Rationale for Risk Rating:** • Considered high risk due to the projected overspend in hosted services • Hosted services are a risk of the set-up of Integration Joint Boards. **Rationale for Risk Appetite:** • The IJB has some tolerance of risk in relation to testing change.
Risk Movement: (increase/decrease/no change): **NO CHANGE 31.01.2020**	

Controls: • Integration scheme agreement on cross-reporting • North East Strategic Partnership Group • Operational risk register	**Mitigating Actions:** • This is discussed regularly by the three North East Chief Officers • Regular discussion regarding budget with relevant finance colleagues. • Chief Officers should begin to consider the disaggregation of hosted services.
Assurances: • These largely come from the systems, process and procedures put in place by NHS Grampian, which are still being operated,	**Gaps in assurance:** • There is a need to develop comprehensive governance framework for hosted services, including the roles of the IJB's sub-committees.

- along with any new processes which are put in place by the lead IJB.
- At an April 2019 seminar, convened to consider the future of the North East Partnership, the four Chief Executives (NHS Grampian, Aberdeen City Council, Aberdeenshire Council and Moray Council) agreed to develop a North East Group (Officers only) which they would lead. The aim of the group is to develop real top-level leadership to drive forward the change agenda, especially relating to the delegated hospital-based services.
- The Chief Officers have taken a paper about hosted and hospital based delegated services to each of the three IJBs during June. Amongst other issues, the paper sought permission to develop a new role and remit for the Chairs and Vice Chairs of the three IJBs to come together. This is under development.
- Both the CEO group and the Chairs & Vice Chairs group will meet quarterly. The meetings will be evenly staggered between groups, giving some six weeks between them, allowing progressive work / iterative work to be timely between the forums. The dates are currently being arranged

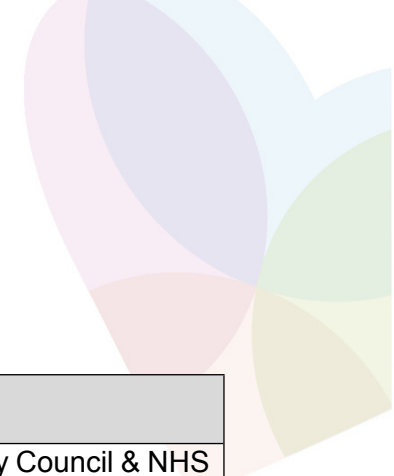| **Current performance:**	**Comments:**
- The projected overspend on hosted services is a factor in the IJB's overspend position. This may in future impact on the outcomes expected by the hosted services.	- It is noted that NHS Grampian are currently undertaking an internal audit on the governance of hosted services.

- 4 –

Description of Risk: There is a risk that relationship arrangements between the IJB and its partner organisations (Aberdeen City Council & NHS Grampian) are not managed in order to maximise the full potential of integrated & collaborative working to deliver the strategic plan. This risk covers the arrangements between partner organisations in areas such as governance arrangements, human resources; and performance.

Strategic Priority: Prevention, Resilience and Communities.	**Leadership Team Owner:** Chief Officer

Risk Rating: low/medium/high/very high

Low

Risk Movement: (*increase/decrease/no change*)

Decreased 31.01.2020

Rationale for Risk Rating:
- Considered medium given the experience of nearly three years' operations since 'go-live' in April 2016.
- However, given the wide range and variety of services that support the IJB from NHS Grampian and Aberdeen City Council there is a possibility of services not performing to the required level.

Rationale for Risk Appetite:
There is a zero tolerance in relation to not meeting legal and statutory requirements.

Controls:
- IJB Strategic Plan-linked to NHS Grampian's Clinical Strategy and the Local Outcome Improvement Plan (LOIP)
- IJB Integration Scheme
- IJB Governance Scheme including 'Scheme of Governance: Roles & Responsibilities'.
- Agreed risk appetite statement
- Role and remit of the North East Strategic Partnership Group in relation to shared services
- Current governance committees within IJB & NHS.
- Alignment of Leadership Team objectives to Strategic Plan

Mitigating Actions:
- Regular consultation & engagement between bodies.
- Regular and ongoing Chief Officer membership of Aberdeen City Council's Corporate Management Team and NHS Grampian's Senior Leadership Team
- Regular performance meetings between ACHSCP Chief Officer, Aberdeen City Council and NHS Grampian Chief Executives.
- Additional mitigating actions which could be undertaken include the audit programme and bench-marking activity with other IJBs.

	• In relation to capital projects, Joint Programme Boards established to co-produce business cases, strategic case approved by IJB and economic, financial, commercial, management case approved by NHSG Board and ACC Committees
Assurances: • Regular review of governance documents by IJB and where necessary Aberdeen City Council & NHS Grampian. A review of the Scheme of Governance commenced in June 2019 and was reported to the IJB in November 2019.	**Gaps in assurance:** • None currently significant though note consideration relating to possible future Service Level Agreements.
Current performance: • Most of the major processes and arrangements between the partner organisations have been tested for over two years of operation and no major issues have been identified. • A review of the Integration Scheme has been undertaken and the revised scheme has been approved by NHSG, Aberdeen City Council & Scottish Government. • However this does not remove the risk as processes within the IJB and partner organisations will continue to evolve and improve.	**Comments:** • Nothing to update on the narrative for the risk.

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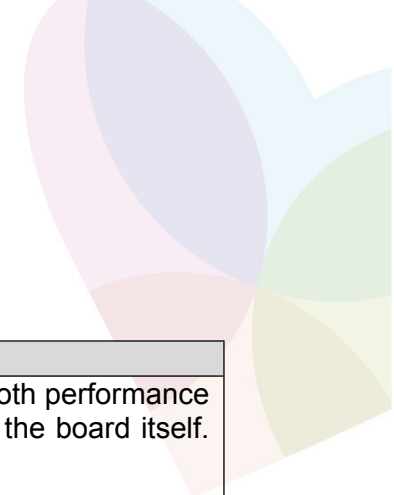
- 5 -

Description of Risk: There is a risk that the IJB, and the services that it directs and has operational oversight of, fail to meet both performance standards/outcomes as set by national and regulatory bodies and those locally-determined performance standards as set by the board itself. This may result in harm or risk of harm to people.

Strategic Priority: Prevention, Resilience, Personalisation, Connections and Communities.	**Leadership Team Owner:** Lead Strategy & Performance Manager

Risk Rating: low/medium/high/very high	**Rationale for Risk Rating:** Service delivery is broad ranging and undertaken by both in-house and external providers. There are a variety of performance standards set both by national and regulatory bodies as well as those determined locally and there are a range of factors which may impact on service performance against these. Poor performance will in turn impact both on the outcomes for service users and on the reputation of the IJB/partnership.
MEDIUM	
Risk Movement: (*increase/decrease/no change***)**	
NO CHANGE 31.01.2020	**Rationale for Risk Appetite:** The IJB has no to minimal tolerance of harm happening to people as a result of its actions, recognising that in some cases there may be a balance between the risk of doing nothing and the risk of action or intervention.

Controls:	**Mitigating Actions:**
• Clinical and Care Governance Committee and Group • Audit and Performance Systems Committee • Performance and Risk Management Group • Performance Framework • Risk-assessed plans with actions, responsible owners, timescales and performance measures monitored by dedicated teams • Linkage with ACC and NHSG performance reporting • Annual Report	• Fundamental review of key performance indicators reported • Review of systems used to record, extract and report data • Review of and where and how often performance information is reported on and how learning is fed back into processes and procedures. • On-going work developing a culture of performance management and evaluation throughout the partnership

• Chief Social Work Officer's Report • Ministerial Steering Group (MSG) Scrutiny • Internal Audit Reports • Links to outcomes of Inspections, Complaints etc. • Contract Management Framework	• Production of Performance Dashboard, presented to a number of groups, raising profile of performance and encouraging discussion leading to further review and development • Recruitment of additional temporary resource to drive performance and risk management process development • Performance now a standing agenda item on Leadership Team meetings
Assurances: • Joint meeting of IJB Chief Officer with two Partner Body Chief Executives. • Agreement that full Dashboard with be reported to both Clinical and Care Governance Committee and Audit & Performance Committee. Lead Strategy and Performance Manager will ensure both committees are updated in relation to the interest and activity of each. • Annual report on IJB activity developed and reported to ACC and NHSG • Care Inspectorate Inspection reports • Capture of outcomes from contract review meetings. • External reviews of performance. • Benchmarking with other IJBs.	**Gaps in assurance:** • Formal performance reporting process is continually evolving. • Work on understanding extent to operational performance reporting is at an early stage but will progress more quickly now the IJB Dashboard is nearing completion. • Further work required on linkage to ACC, NHSG and CPA reporting.

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Current performance:	Comments:
- Performance reports submitted to IJB, Audit and Performance Systems and Clinical and Care Governance Committees. - Performance and Risk Management Group terms of reference and membership revised, and regular meetings are now scheduled and taking place. - Various Steering Groups for strategy implementation established and reviewing performance regularly. - Performance data discussed at team meetings. - Close links with social care commissioning, procurement and contracts team have been established - IJB Dashboard nearing completion. Dashboard has been shared widely.	The Partnership has completed the Ministerial Steering Group Self Evaluation in relation to progress against integration and that although the result was very positive (45% Exemplary, 41% Established, 14% Part Established and no area not yet established),the Partnership have identified areas for improvement and these have been compiled into an Action Plan with Lead Officers and Timescales assigned. Delivery of the plan will be monitored by the Leadership Team and an annual progress report submitted to the IJB in preparation for the anticipated repeat of the self-evaluation exercise next year.

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- 6 –

Description of Risk: There is a risk of reputational damage to the IJB and its partner organisations resulting from complexity of function, decision making, delegation and delivery of services across health and social care.

Strategic Priority: All	**Leadership Team Owner:** Communications Lead

Risk Rating: low/medium/high/very high

Medium

Risk Movement: (*increase/decrease/no change*)

No Change 31.01.2020

Rationale for Risk Rating:

- Governance processes are in place and have been tested since go live in April 2017.
- Budget processes tested during approval of 3rd budget, which was approved.

Rationale for Risk Appetite:
Willing to risk certain reputational damage if rationale for decision is sound.

Controls:
- Leadership Team
- IJB and its Committees
- Operational management processes and reporting
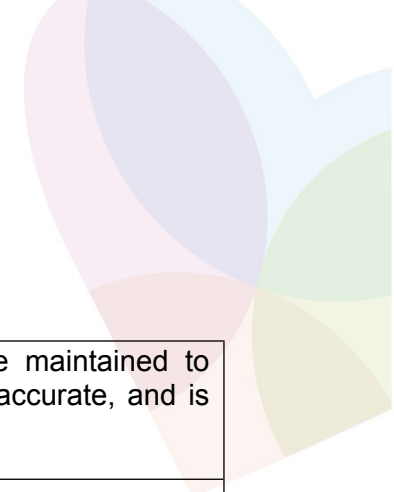- Board escalation process
- Standards Officer role

Mitigating Actions:
- Clarity of roles
- Staff and customer engagement – recent results from iMatter survey alongside a well-establish Joint Staff Forum indicate high levels of staff engagement.
- Effective performance and risk management
- To ensure that ACHSCP have a clear communication & engagement strategy, and a clear policy for social media use, in order to mitigate the risk of reputational damage.
- Communications lead's membership of Leadership Team facilities smooth flow of information from all sections of the organisation

	• Robust relationships with all local media are maintained to ensure media coverage is well-informed and accurate, and is challenged when inaccurate/imbalanced.
Assurances: • Role of the Chief Officer and Leadership Team • Role of the Chief Finance Officer • Performance relationship with NHS and ACC Chief Executives • Communications plan / communications manager	**Gaps in assurance:** None known at this time
Current performance: • Communications officer in place to lead reputation management	**Comments:** • A refreshed communications strategy is in preparation and will be presented to the IJB in due course • A new Engagement Ambassadors Group has been established, with membership drawn from staff from across the partnership and from partner organisations. The group meets on a six-weekly cycle and provides a platform for internal and external communications issues to be discussed and for decisions to be taken on the best modes of onward communication. • External and internal websites are regularly updated with fresh news/information; both sites continue to be developed and refined • Locality leadership groups being established to build our relationship with communities and stakeholders • Regular Chief Officer (CO) and Chief Executives (Ces) meeting supports good communication flow across partners as does CO's membership of the Corporate Management Teams of both ACC and NHSG

- 7 –

Description of Risk:
Failure of the transformation to delivery sustainable systems change, which helps the IJB deliver its strategic priorities, in the face of demographic & financial pressures.

Strategic Priority: All	**Leadership Team Owner:** Transformation Lead

Risk Rating: low/medium/high/very high

HIGH

Risk Movement: (*increase/decrease/no change*)

NO CHANGE 31.01.2020

Rationale for Risk Rating:
- Recognition of the known demographic curve & financial challenges, which mean existing capacity may struggle
- This is the overall risk – each of our transformation programme work streams are also risk assessed with some programmes being a higher risk than others.

Rationale for Risk Appetite:
- The IJB has some appetite for risk relating to testing change and being innovative.
- The IJB has no to minimal appetite for harm happening to people – however this is balanced with a recognition of the risk of harm happening to people in the future if no action or transformation is taken.

Controls:	Mitigating Actions:
- Transformation Governance Structure and Process - Audit and Performance Systems Committee – quarterly reports to provide assurance of progress - Programme Board structure: Executive Programme board and portfolio programme boards are in place. - All decision making (other than business as usual) is now flowing through the programme board structure which is enabling a holistic perspective to be taken when making decisions.	- Programme management approach being taken across whole of the transformation programme - Transformation team in place and all trained in Managing Successful Programmes methodology - Regular reporting to Executive Programme Board and Portfolio Programme Boards - Regular reporting to Audit and Performance Systems Committee and Integration Joint Board - Lean Six Sigma methodology being used to support delivery of strategic plan, medium term financial plan and to ensure sustainability. Evaluation process in place to track delivery of change and efficiencies. Prioritisation process in place to prioritise allocation of transformation resource. - A number of plans and frameworks have been developed to underpin our transformation activity across our wider system including: Reimagining Primary and Community Care Vision, Transformation Plan, Primary Care Improvement Plan, Action 15 Plan. - Transformation team amalgamated with public health and wellbeing to give greater focus to localities.
Assurances:	Gaps in assurance:
- Executive Management and Committee Reporting - Robust Programme Management approach supporting by an evaluation framework - IJB oversight - Board escalation process	- There is a gap in terms of the impact of transformation on our budgets. Many of the benefits of our project relate to early intervention and reducing hospital admissions, neither of which provide earlier cashable savings.

|	
• Internal Audit has undertaken a detailed audit of our transformation programme. All recommendations from this audit have now been actioned.	• A prioritisation process has been developed to prioritise transformation support to areas of the business that could deliver cashable savings.
Current performance: • Demographic financial pressure is starting to materialise in some of the IJB budgets. • Many projects are now in Delivery phase with a couple of projects achieving Close stage. • The CO presented a paper to IJB in September with a revised programme aligned to our revised Strategic Plan. • Reporting structures and governance now aligned to the revised programme.	**Comments:** • The transformation team and organisational development team have been brought together (November 2018) and with the Public Health and Wellbeing teams (June 2019) to maximise the potential for successful and sustainable system change. • The leadership team have developed priority shared objectives which will be a core part of our transformation programme in 20/21.

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- 8 –

Description of Risk
There is a risk that the IJB does not maximise the opportunities offered by locality working

Strategic Priority: All	**Leadership Owner:** Chief Officer

Risk Rating: low/medium/high/very high

HIGH

Risk Movement: (*increase/decrease/no change*)

NO CHANGE 31.01.2020

Rationale for Risk Rating:
- Localities are in an early, developmental stage and currently require strategic oversight so are included in this risk register. Once they are operational, they will be removed from the strategic risk register as a stand-alone item and will be included in the wider risk relating to transformation (risk 7).

Rationale for Risk Appetite:
The IJB has some appetite to risk in relation to testing innovation and change. There is zero risk of financial failure or working out with statutory requirements of a public body.

Controls:
- IJB/Risk, Audit and Performance Committee
- Action plans as derived from the locality plans.
- Locality Empowerment Groups
- Strategic Planning Group

Mitigating Actions:
- Continued broad engagement on locality working and requested development of comprehensive communication plan
- Position Statement issued in August 2019

Assurances:
- Strategic Planning Group
- Locality plans performance monitoring and review.

Gaps in assurance
- Progress of delivering locality plans.
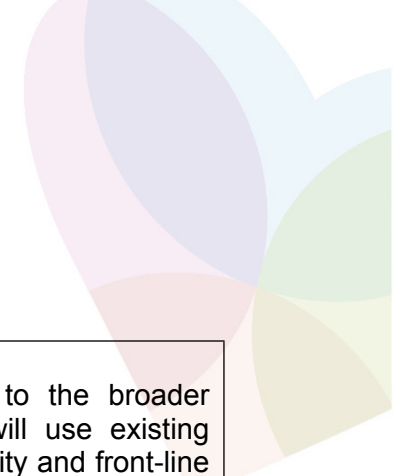
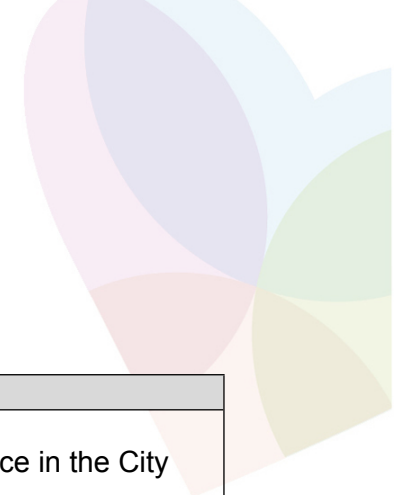| Current performance:	Comments:
• Following the decision by the IJB on the planned approach to developing localities, work is ongoing to support the establishment of the 3 Locality Empowerment Groups (LEG's). A work plan focussing on key themes of data and profiling, communication & engagement, membership and recruitment, upskilling and governance has been established, led by the Public Health Coordinators and key stakeholders including community representatives on current Locality Leadership Groups (LLG's) and wider members of the local communities. Recruitment of community members for the LEG's has commenced. Key outputs anticipated to be delivered by Spring 2020 will include a visual data tool ready for April to engage with communities; revised membership of LLGs/LEGs; and clear governance arrangements for these groups being in place. • Two workshops will be held with the partnership's operational leadership team in February and March, 2020 to support them to: build relationships; adopt a collaborative leadership approach; identify the skills they need to support their teams to work collaboratively in localities and develop an implementation plan that they will lead the delivery of.	• The LEG's will ensure locality plans align to the broader Aberdeen Community Planning plans and will use existing networks to maximise the potential of community and front-line staff engagement. They will work alongside operational locality delivery teams • Updates on the progress of localities (LEGs and operational alignment) is being included in the CO report being presented to each IJB. • Delivery of our localities is a shared leadership team objective for 2020/21

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- 9 –

Description of Risk:
There is a risk that if the System does not redesign services from traditional models in line with the current workforce marketplace in the City this will have an impact on the delivery of the IJB Strategic Plan.

Strategic Priority: All	**Leadership Team Owner:** People & Organisation

Risk Rating / Movement	Rationale
Risk Rating: low/medium/high/very high **VERY HIGH** **Risk Movement:** (*increase/decrease/no change*) **INCREASE 11.02.2020**	**Rationale for Risk Rating:** • The current staffing complement profile changes on an incremental basis over time. • However the number of over 50s employed within the partnership (by NHSG and ACC) is increasing (i.e. 1 in 3 nurses are over 50). • Current high vacancy levels and long delays in recruitment across ACHSCP services. • Inability to fill vacancies **Rationale for Risk Appetite:** • Risk should be able to be managed with the adoption of agile and innovative workforce planning structures and processes

Controls:	**Mitigating Actions**:
• Clinical & Care Governance Group reviews operational risks around workforce. • Revised contract monitoring arrangements with providers to determine recruitment / retention trends in the wider care sector • Organisational Development (OD) and Culture Working Group (meets quarterly)	• ACHSCP Workforce Plan • Active engagement with schools to raise ACHSCP profile (eg Developing the Young Workforce, Career Ready) • Active work with training providers and employers to encourage careers in Health and Social Care (eg Foundation

• Performance Dashboard (considered by the Risk, Audit and Performance and Clinical and Care Governance Committees as well as the Leadership Team) • Partnership's Health, Safety and Wellbeing Committee- considers absence rates.	Apprenticeships/Modern Apprenticeships through NESCOL, working with Department for Work and Pensions) • Greater use of commissioning model to encourage training of staff • Increased emphasis on health/wellbeing of staff • Increased emphasis on communication with staff • Greater promotion of flexible working • Increased collaboration and integration between professional disciplines, third sector, independent sector and communities through Localities. • Increased monitoring of staff statistics (sickness, turnover, CPD, complaints etc) through Performance Dashboard, identifying trends. • Developing greater digitisation opportunities, e.g. using Text Messaging to shift emphasis from GPs to increased use of Texts for pharmacology
Assurances: • ACHSCP Workforce Plan	**Gaps in assurance** • Need more information on social care staffing statistics for Performance Dashboard • Information on social care providers would be useful to determine trends in wider sector-For Performance Dashboard
Current performance: • Workforce plan developed for health and social care staff. . • High levels of locum use and nursing vacancies in the psychiatry service,	**Comments:** • Consultation responses provided to the Scottish Government relating to the Health & Care (Staffing) (Scotland) Act 2019. • This Act potentially offers opportunities and risks to the Partnership and a better understanding of the detail of the Act is required ahead of revising this strategic risk further.

• 6 secondary schools have been visited by members of the Leadership Team between November 2019 and February 2020 • ACHSCP sickness absence rates to be updated and reported through the Performance Dashboard (considered by the Partnership's Health, Safety and Wellbeing Committee on 3rd February 2020).	• The IJB at its workshop on workforce on the 11th of February, 2020 agreed that the IJB can actively provide comments through the consultation process on the Chapters relating to the Act by providing examples of projects undertaken by the Partnership (ie Health Visiting Digitisation) which redesign services by enabling existing staffing structures/numbers to adopt new ways of working to increase patient facing time, within current establishment figures.

- 10 -

Description of Risk: There is a risk that ACHSCP is not sufficiently prepared to deal with the impacts of Brexit on areas of our business, including affecting the available workforce and supply chain.

Whilst the impact on health and social care services of leaving the EU is impossible to forecast, it is clear that a number of issues will need to be resolved. Key areas for health and social care organisations to consider include: staffing; medical supplies; accessing treatment; regulation (such as working time directive and procurement/competition law, for example); and cross border issues.

Strategic Priority: Resilience and Communities.	**Executive Team Owner:** Business Manager
Risk Rating: low/medium/high/very high **HIGH**	**Rationale for Risk Rating:** • There is still a high level of uncertainty around 'Brexit' as impacts are difficult to forecast.
Risk Movement: (*increase/decrease/no change*) **NO CHANGE 31.01.2020**	
Controls: • NHSG have held a voluntary survey of EU nationals. ACC currently undertaking a survey of all staff to gather similar information. • NHSG - An initial operational assessment has been undertaken. A BREXIT co-ordinating group established with executive leadership. Engagement with staff who may be impacted by withdrawal of UK from the EU. Co-ordination with professional leads across Scotland and at SG - procurement, medicines, staff and resilience	• Mitigating Actions: • Mitigating actions have been developed on a national and local level through Scottish Government guidance and the ACC and NHSG EU exit steering groups respectively. These actions are linked to the Scottish Planning Assumptions (based on the reasonable worst case scenario-no deal). The assumptions are: •Travel, Freight and Borders • Disruption of Services

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- ACC- A Brexit Steering Group has been established. The Partnership is a member of this Group.
- National Procurement of NHS National Services Scotland has been working for over 6 months with Scottish Government, NHS Scotland Health Boards, DHSC and suppliers to try to minimise the impact of EU Exit on the supply of Medical Devices & Clinical Consumables. Activities range from increased stock holding in items supplied from our own National Distribution Centre to UK wide participation in centralised stock building and supplier preparedness.
- The Partnership has established an Incident Management Team (IMT) ahead of daily reporting being re-established. The IMT will report through both the ACC and NHSG routes, as required.

- Information and Data Sharing
- Demonstrations and Disorder
- Remote and Rural Scotland
- Scottish Workforce

- As the Partnership does not directly employ staff, The Chief Officer will work closely with partners to ensure that as implications become clear the Partnership are able to best represent and meet the needs of all staff.
- The Partnership's Business Continuity Planning process is established which will identify key services to prioritise in any contingency event.
- Review ALEO contingency plans. Request evidence of risk assessment and mitigation from ALEOS for assurance of ability to deliver against contract. This is being considered and scrutinised through the ALEO Hub governance arrangements.
- Survey of providers asking key questions on preparedness.
- A joint City and Shire Care Home providers workshop was held in May 2019 to discuss with providers their preparedness for any EU exit.
- Partnership took part in Exercise Pisces run by NHSG on the 19th of March. This exercise tested the preparedness and reporting processes ahead of any EU exit situation.
- The Partnership have taken part in reporting any EU exit implications through both the NHSG and ACC routes. The reporting timescales were roughly the same (around the previous 3 political deadlines in March, April and October 2019). No EU exit implications were reported by the Partnership at these times. The reporting activity has been suspended meantime, however could be

	re-introduced at any time once national reporting is re-established (see current performance update).
Assurances: • Understanding that current legislation will remain in effect immediate post Brexit	**Gaps in assurance:** • Uncertainty of final trade agreement with EU.
Current performance: Aberdeen City Council have provided the following update as at 8 January 2020: The decision has been made for the EU Exit Group to "stand down" based upon the following developments: • The UK Government stood down planning for the consequences of a "no deal" EU Exit and the Scottish Government will do the same on 31st January, 2020. • When the UK leaves the EU on 31st January, 2020, there will be no requirement for daily reporting that was previously required in 2019. • Local Resilience Partnerships are maintaining a watching brief on EU Exit consequences and stand ready to re-activate process and governance structures if required. The risk of a "no deal" EU Exit is still possible if a trade agreement is not in place by 31st December, 2020. If this is the case or if other circumstances create the requirement, the EU Exit Group will be re-established. NHSG also provided similar guidance in January, 2020.	**Comments:** • ACHSCP colleagues will need to ensure continued engagement with ACC and NHSG working groups.

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Appendix 1 – Risk Tolerance

Level of Risk	Risk Tolerance
Low	Acceptable level of risk. No additional controls are required but any existing risk controls or contingency plans should be documented. Chief Officers/Managers/Risk Owners should review these risks applying the minimum review table within the risk register process document to assess whether these continue to be effective.
Medium	Acceptable level of risk exposure subject to regular active monitoring measures by Managers/Risk Owners. Where appropriate further action shall be taken to reduce the risk but the cost of control will probably be modest. Managers/Risk Owners shall document that the risk controls or contingency plans are effective. Chief Officers/Managers/Risk Owners should review these risks applying the minimum review table within the risk register process document to assess whether these continue to be effective. Relevant Chief Officers/Managers/Directors/Assurance Committees will periodically seek assurance that these continue to be effective.
High	Further action should be taken to mitigate/reduce/control the risk, possibly urgently and possibly requiring significant resources. Chief Officers/Managers/Risk Owners must document that the risk controls or contingency plans are effective. Managers/Risk Owners should review these risks applying the minimum review table within the risk register process document to assess whether these continue to be effective. Relevant Chief Officers/Managers/Directors/Executive and Assurance Committees will periodically seek assurance that these continue to be effective and confirm that it is not reasonably practicable to do more. The IJB's may wish to seek assurance that risks of this level are being effectively managed. However the IJB's may wish to accept high risks that may result in reputation damage, financial loss or exposure, major breakdown in information system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and public

31

Very High	Unacceptable level of risk exposure that requires urgent and potentially immediate corrective action to be taken. Relevant Chief Officer/Managers/Directors/Executive and Assurance Committees should be informed explicitly by the relevant Managers/Risk Owners.
	Managers/Risk Owners should review these risks applying the minimum review table within the risk register process document to assess whether these continue to be effective.
	The IJB's will seek assurance that risks of this level are being effectively managed.
	However the IJB's may wish to accept opportunities that have an inherent very high risk that may result in reputation damage, financial loss or exposure, major breakdown in information system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and public

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Appendix 2 – Risk Assessment Matrices (from Board Assurance & Escalation Framework)

Table 1 - Impact/Consequence Definitions

Descriptor	Negligible	Minor	Moderate	Major	Extreme
Patient Experience	Reduced quality of patient experience/ clinical outcome not directly related to delivery of clinical care.	Unsatisfactory patient experience/clinical outcome directly related to care provision – readily resolvable.	Unsatisfactory patient experience/clinical outcome, short term effects – expect recovery <1wk.	Unsatisfactory patient experience/ clinical outcome; long term effects –expect recovery >1wk.	Unsatisfactory patient experience/clinical outcome, continued ongoing long term effects.
Objectives/ Project	Barely noticeable reduction in scope, quality or schedule.	Minor reduction in scope, quality or schedule.	Reduction in scope or quality of project; project objectives or schedule.	Significant project over-run.	Inability to meet project objectives; reputation of the organisation seriously damaged.
Injury (physical and psychological) to patient/ visitor/staff.	Adverse event leading to a minor injury not requiring first aid	Minor injury or illness, first aid treatment required.	Agency reportable, e.g. Police (violent and aggressive acts). Significant injury requiring medical treatment and/or counselling.	Major injuries/long term incapacity or disability (loss of limb) requiring medical treatment and/or counselling.	Incident leading to death or major permanent incapacity.
Complaints/ Claims	Locally resolved verbal complaint	Justified written complaint peripheral to clinical care.	Below excess claim. Justified complaint involving lack of appropriate care.	Claim above excess level. Multiple justified complaints	Multiple claims or single major claim. Complex justified complaint.
Service/ Business Interruption	Interruption in a service which does not impact on the delivery of patient care or the ability to continue to provide service.	Short term disruption to service with minor impact on patient care.	Some disruption in service with unacceptable impact on patient care. Temporary loss of ability to provide service.	Sustained loss of service which has serious impact on delivery of patient care resulting in major contingency plans being invoked.	Permanent loss of core service or facility. Disruption to facility leading to significant "knock on" effect.
Staffing and Competence	Short term low staffing level temporarily reduces service quality (< 1 day). Short term low staffing level (>1 day), where there is no disruption to patient care.	Ongoing low staffing level reduces service quality **Minor error** due to ineffective training/ implementation of training.	Late delivery of key objective/ service due to lack of staff. **Moderate error** due to ineffective training/ implementation of training. Ongoing problems with staffing levels.	Uncertain delivery of key objective /service due to lack of staff. **Major error** due to ineffective training/implementation of training.	Non-delivery of key objective/ service due to lack of staff. Loss of key staff. **Critical error** due to ineffective training / implementation of training.
Financial (including damage/loss/ fraud)	Negligible organisational/ personal financial loss (£<1k).	Minor organisational/ personal financial loss (£1-10k).	Significant organisational / personal financial loss (£10-100k).	Major organisational/personal financial loss (£100k-1m).	Severe organisational/ personal financial loss (£>1m).
Inspection/Audit	Small number of recommendations which focus on minor quality improvement issues.	Recommendations made which can be addressed by low level of management action.	Challenging recommendations that can be addressed with appropriate action plan.	Enforcement action. Low rating. Critical report.	Prosecution. Zero rating. Severely critical report.
Adverse Publicity/ Reputation	Rumours, no media coverage. Little effect on staff morale.	Local media coverage – short term. Some public embarrassment. Minor effect on staff morale/ public attitudes.	Local media – long-term adverse publicity. Significant effect on staff morale and public perception of the organisation.	National media/adverse publicity, less than 3 days. Public confidence in the organisation undermined. Use of services affected.	National/International media/ adverse publicity, more than 3 days. MSP/MP concern (Questions in Parliament). Court Enforcement. Public Enquiry/FAI.

Table 2 - Likelihood Definitions

Descriptor	Rare	Unlikely	Possible	Likely	Almost Certain
Probability	• Can't believe this event would happen • Will only happen in exceptional circumstances.	• Not expected to happen, but definite potential exists • Unlikely to occur.	• May occur occasionally • Has happened before on occasions • Reasonable chance of occurring.	• Strong possibility that this could occur • Likely to occur.	This is expected to occur frequently/in most circumstances more likely to occur than not.

Table 3 - Risk Matrix

Likelihood	Consequences/Impact				
	Negligible	Minor	Moderate	Major	Extreme
Almost Certain	Medium	High	High	V High	V High
Likely	Medium	Medium	High	High	V High
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Medium	Medium	Medium	High
Rare	Low	Low	Low	Medium	Medium

References: AS/NZS 4360:2004 'Making It Work' (2004)

Table 4 - NHSG Response to Risk

Describes what NHSG considers each level of risk to represent and spells out the extent of response expected for each.

Level of Risk	Response to Risk
Low	Acceptable level of risk. No additional controls are required but any existing risk controls or contingency plans should be documented. Managers/Risk Owners should review these risks applying the minimum review table within the risk register process document to assess whether these continue to be effective.
Medium	Acceptable level of risk exposure subject to regular active monitoring measures by Managers/Risk Owners. Where appropriate further action shall be taken to reduce the risk but the cost of control will probably be modest. Managers/Risk Owners shall document that the risk controls or contingency plans are effective. Managers/Risk Owners should review these risks applying the minimum review table within the risk register process document to assess whether these continue to be effective. Relevant Managers/Directors/Assurance Committees will periodically seek assurance that these continue to be effective.
High	Further action should be taken to mitigate/reduce/control the risk, possibly urgently and possibly requiring significant resources. Managers/Risk Owners must document that the risk controls or contingency plans are effective. Managers/Risk Owners should review these risks applying the minimum review table within the risk register process document to assess whether these continue to be effective. Relevant Managers/Directors/Executive and Assurance Committees will periodically seek assurance that these continue to be effective and confirm that it is not reasonably practicable to do more. The Board may wish to seek assurance that risks of this level are being effectively managed. However NHSG may wish to accept high risks that may result in reputation damage, financial loss or exposure, major breakdown in information system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and public.
Very High	Unacceptable level of risk exposure that requires urgent and potentially immediate corrective action to be taken. Relevant Managers/Directors/Executive and Assurance Committees should be informed explicitly by the relevant Managers/Risk Owners. Managers/Risk Owners should review these risks applying the minimum review table within the risk register process document to assess whether these continue to be effective. The Board will seek assurance that risks of this level are being effectively managed. However NHSG may wish to accept opportunities that have an inherent very high risk that may result in reputation damage, financial loss or exposure, major breakdown in information system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and public.

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RISK, AUDIT AND PERFORMANCE COMMITTEE

Date of Meeting	25.02.2020
Report Title	Internal Audit Report AC2011 – Integration Joint Board Risk Management
Report Number	HSCP/19/100
Lead Officer	David Hughes, Chief Internal Auditor
Report Author Details	David Hughes Chief Internal Auditor david.hughes@aberdeenshire.gov.uk
Consultation Checklist Completed	Yes
Directions Required	No
Appendices	None

1.   Purpose of the Report

1.1.   The purpose of this report is to present the outcome from the planned audit of Integration Joint Board Risk Management that was included in the 2019/20 Internal Audit Plan for the Integration Joint Board.

2.   Recommendations

2.1.   It is recommended that the Audit & Performance Systems Committee review, discuss and comment on the issues raised within this report.

3.   Summary of Key Information

3.1.   Risk management is the process by which risk is identified, evaluated and prioritised followed by the implementation of resources to manage, control and mitigate risks wherever possible. The overall aim of risk management is to reduce the frequency of risk events occurring and to minimise the impact of them when they do occur.

1

RISK, AUDIT AND PERFORMANCE COMMITTEE

3.2.   Systems for assurance and escalation are based on an understanding of the nature of risk to an organisation's goals, and to the appetite for risk-taking. How an organisation understands and manages risk is an important part of the development of its governance systems. The Service notes that the innovative nature of Health and Social Care Integration Schemes also requires governance systems which support complex arrangements, such as hosting of services on behalf of other IJBs, planning only of services delivered by other entities, accountability for assurance without delivery responsibility, and other models of care delivery and planning. As such, risk management is fundamental to the running of the Health and Social Care Partnership that is directed by the Integration Joint Board.

3.3.   The objective of this audit was to review the process for identifying risks, managing them (including performance measures against each risk), and reporting to the IJB.

3.4.   Governance arrangements including the IJB's Scheme of Governance, Committee terms of reference, Board Assurance and Escalation Framework (BAEF) and Risk Management Policy are in place covering key elements of risk management and reporting. At the time of the audit, elements including annual review of the IJB's risk appetite, and review of operational risks by the Clinical Care and Governance Committee, had not been undertaken as set out in governance documentation. The IJB has reviewed and amended terms of reference in November 2019, has approved an updated risk appetite in January 2020, and the Service notes that the BAEF will be updated shortly to reflect work currently ongoing across the three Integration Joint Boards working with NHS Grampian in respect of risk management policy.

3.5.   Whilst processes are in place, resulting in a regularly reviewed strategic risk register, the Service has not yet fully coordinated operational risk management recording across the Partnership – with separate systems in place for staff within each Partner organisation. Use of one such system has been reduced in one Partner's wider operations, and assurance is being sought as to its continued availability for the Partnership pending plans to introduce a single system solution. The Service has agreed to work to ensure an appropriate level of standardisation between the two

systems in the interim, with a workshop session planned to refresh officers on the different parts of the risk management process.

4. Implications for IJB

4.1. **Equalities –** An equality impact assessment is not required because the reason for this report is for Committee to discuss, review and comment on the contents of an Internal Audit report and there will be no differential impact, as a result of this report, on people with protected characteristics.

4.2. **Fairer Scotland Duty –** there are no direct implications arising from this report.

4.3. **Financial –** there are no direct implications arising from this report.

4.4. **Workforce -** there are no direct implications arising from this report.

4.5. **Legal** – there are no direct implications arising from this report.

4.6. Other - NA

5. Links to ACHSCP Strategic Plan

5.1. Internal Audit's role is to provide assurance regarding the adequacy and effectiveness of the Integration Joint Board's framework of governance, risk management and control. Each of these areas helps ensure that the IJB can deliver on all strategic priorities as identified in its strategic plan.

6. Management of Risk

6.1. **Identified risks(s):** The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the resultant report.

6.2. **Link to risks on strategic risk register:** The Internal Audit Plan was developed following consideration of the Aberdeen City Health and Social Care Partnership Risk Register and through consultation with management.

6.3. **How might the content of this report impact or mitigate these risks:** Where risks have been identified during the Internal Audit process, recommendations have been made to management in order to mitigate risks.

3

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RISK, AUDIT AND PERFORMANCE COMMITTEE

Date of Meeting	25.02.2020
Report Title	Internal Audit Plan 2020/21
Report Number	HSCP/19/107
Lead Officer	David Hughes, Chief Internal Auditor
Report Author Details	David Hughes Chief Internal Auditor david.hughes@aberdeenshire.gov.uk
Consultation Checklist Completed	Yes
Appendices	Appendix A – Internal Audit Plan 2020/21 Appendix B – Extract from Aberdeen City Council Internal Audit Plan 2020/21

1.   Purpose of the Report

1.1.   The purpose of this report is to seek approval of the Internal Audit Plan for the Aberdeen City Integration Joint Board for 2020/21.

2.   Recommendations

2.1.   It is recommended that the Risk, Audit and Performance Committee approve the Internal Audit Plan for 2020/21

3.   Summary of Key Information

3.1.   It is one of the duties of the Integration Joint Board Risk, Audit and Performance Committee to review and approve the annual Internal Audit plan on behalf of the Integration Joint Board and, thereafter, receive reports on that planned work.

3.2.   The Internal Audit plan, as it relates to the Integration Joint Board, is attached at Appendix A. Assurance will also be taken from the wider work

1

RISK, AUDIT AND PERFORMANCE COMMITTEE

of Internal Audit within Aberdeen City Council, specific work relating to Adult Social Care Services in the Council, and from NHS Grampian Internal Audit reports, amongst other sources.

3.3. Outputs from the IJB Internal Audit plan will be shared with Aberdeen City Council's Audit, Risk and Scrutiny Committee once they have been considered by the IJB Audit, Risk and Performance Committee.

3.4. Aberdeen City Council's Audit, Risk and Scrutiny Committee approved the 2019/20 Internal Audit Plan relating to Adult Social Care Services in the Council on 12 February (attached as Appendix B to this report) and the basis on which the overall plan was developed. Outputs from these reviews will be shared with the Aberdeen City IJB Risk, Audit and Performance Committee for information once they have been considered by Aberdeen City Council's Audit, Risk and Scrutiny Committee.

3.5. Audits undertaken by NHS Grampian's Internal Auditors, PWC, will be reported to the NHS Grampian Audit Committee in the first instance. Where there is a direct relationship between the work undertaken and the IJB, the reports will be presented to the Aberdeen City IJB Risk, Audit and Performance Committee for information. The Internal Audit plan for NHS Grampian for 2020/21 will be circulated when it has been agreed.

4.   Implications for IJB

4.1. **Equalities –** An equality impact assessment is not required because the reason for this report is for Committee to discuss, review and comment on the contents of the Internal Audit Plan and there will be no differential impact, as a result of this report, on people with protected characteristics.

4.2. **Fairer Scotland Duty –** there are no direct implications arising from this report.

4.3. **Financial –** there are no direct implications arising from this report.

4.4. **Workforce -** there are no direct implications arising from this report.

4.5. **Legal –** there are no direct implications arising from this report.

4.6. Other - NA

2

RISK, AUDIT AND PERFORMANCE COMMITTEE

5.   Links to ACHSCP Strategic Plan

5.1.   Internal Audit's role is to provide assurance regarding the adequacy and effectiveness of the Integration Joint Board's framework of governance, risk management and control. Each of these areas helps ensure that the IJB can deliver on all strategic priorities as identified in its strategic plan.

6.   Management of Risk

6.1.   **Identified risks(s):** The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the resultant report.

6.2.   **Link to risks on strategic risk register:** The Internal Audit Plan has been developed following consideration of the Aberdeen City Health and Social care Partnership Risk Register and through consultation with management.

6.3.   **How might the content of this report impact or mitigate these risks:** Where risks are identified during the Internal Audit process, recommendations are been made to management in order to mitigate these risks.

Approvals	
Sandra Macleod	Sandra Macleod (Chief Officer)
[signature]	Alex Stephen (Chief Finance Officer)

RISK, AUDIT AND PERFORMANCE COMMITTEE

APPENDIX A

ABERDEEN CITY INTEGRATION JOINT BOARD

INTERNAL AUDIT PLAN 2020/21

SUBJECT	SCOPE	OBJECTIVE	Indicative Quarter
Performance Management	Performance Management Reporting via the Tableau System	To provide assurance that data is robust and is reported accurately and timeously to the Board in order to provide an appropriate level of assurance regarding service performance and delivery of the IJB Strategic Plan.	Q3

RISK, AUDIT AND PERFORMANCE COMMITTEE

APPENDIX B

ABERDEEN CITY COUNCIL INTERNAL AUDIT PLAN 2020/21 (Extract)

SUBJECT	SCOPE	OBJECTIVE	Target AR&S Committee

HEALTH & SOCIAL CARE PARTNERSHIP

Contributing to Your Care Policy	Contributing to Your Care Policy	To provide assurance that the Contributing to Your Care Policy has been implemented and that the requirements of the Policy are being complied with. This will include ensuring that adequate training has been provided and that progress is being made with completing new financial assessments for all clients based on the new Policy requirements.	October 2020
Information exchange between Housing / IJB	Information exchange between Housing / IJB (Adult Protection)	To provide assurance regarding the flow of data regarding the customer journey through Council systems and consider possible misunderstandings relating to the requirements of GDPR.	June 2020

5

RISK, AUDIT AND PERFORMANCE COMMITTEE

Mental Health and Substance Abuse	Mental Health and Substance Abuse	To provide assurance that appropriate processes are in place to manage and record support arrangements and that expenditure is adequately controlled, including approval / management of discretionary support.	December 2020
Bon Accord Care	Budget Monitoring to include monitoring of savings programme.	To provide assurance over Bon Accord Care's budget monitoring procedures including monitoring of savings programme.	October 2020

6

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RISK, AUDIT AND PERFORMANCE COMMITTEE

Date of Meeting	25th February 2020
Report Title	External Audit Strategy 2019-20
Report Number	*HSCP.19.105*
Lead Officer	*Michael Wilkie, Director KPMG*
Report Author Details	*Name: Adrian Kolodziej* *Audit Manager, KPMG* *Email Address:* Adrian.Kolodziej@kpmg.co.uk
Consultation Checklist Completed	*Yes*
Appendices	a. *IJB External Audit Strategy*

1. Purpose of the Report

1.1. This report presents the draft external audit strategy to the Risk, Audit and Performance committee for its consideration.

2. Recommendations

2.1. It is recommended that the Risk, Audit and Performance Committee:

a) Approves the approach to external audit, as outlined in Appendix A.

1

RISK, AUDIT AND PERFORMANCE COMMITTEE

3. Summary of Key Information

3.1. 2019-20 is the fourth year of KPMG's external audit appointment to Aberdeen City Integration Joint Board having been appointed by the Accounts Commission as auditor of the Board under the Local Government (Scotland) Act 1973.

3.2. The draft external audit strategy is attached in Appendix A and outlines KPMG's responsibilities as external auditor for the year ending 31 March 2020 and their intended approach to issues impacting on the Partnership's activities in the year.

4. Implications for IJB

4.1. **Equalities** - There are no direct Equalities implications arising from the recommendations of this report.

4.2. **Fairer Scotland Duty** - There are no direct implications for Fairer Scotland Duty arising from the recommendations of this report.

4.3. **Financial** - There are no direct financial implications arising from the recommendations of this report.

4.4. **Workforce** - There are no direct workforce implications arising from the recommendations of this report.

4.5. Legal - There are no direct legal implications arising from the recommendations of this report.

5. Links to ACHSCP Strategic Plan

5.1. Not Applicable

6. Management of Risk

6.1. **Identified Risks**

There is a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and projects an overspend.

6.2. **Link to risks on strategic or operational risk register:** Strategic Risk 2

6.3. **How might the content of this report impact or mitigate these risks:**
The approach to external audit as outlined in Appendix A will help mitigate this risk as it outlines work that KPMG will undertake on behalf of ACHSCP to ensure financial statements give a true and fair view and are prepared in accordance with relevant accounting standards and legislation. They will also review the governance statement and arrangements for preparing and publishing statutory performance information. Finally, the External Auditors will review the financial sustainability on the Integration Joint Board.

Approvals	
Sandra Macleod	Sandra Macleod (Chief Officer)
Alex Stephen	Alex Stephen (Chief Finance Officer)

3

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KPMG

Aberdeen City Integration Joint Board

Audit strategy

Year ending 31 March 2020

14 February 2020

For Audit and Performance Systems Committee consideration on 25 February 2020

Contents

About this report

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's *Code of Audit Practice* ("the *Code*").

This report is for the benefit of Aberdeen City Integration Joint Board and is made available to Audit Scotland and the Controller of Audit (together "the Beneficiaries"). This report has not been designed to be of benefit to anyone except the Beneficiaries. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Beneficiaries, even though we may have been aware that others might read this report. We have prepared this report for the benefit of the Beneficiaries alone.

Nothing in this report constitutes an opinion on a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the scoping and purpose section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the Beneficiaries) for any purpose or in any context. Any party other than the Beneficiaries that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Beneficiary's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Beneficiaries.

Complaints

If at any time you would like to discuss with us how our services can be improved or if you have a complaint about them, you are invited to contact Michael Wilkie, who is the engagement leader for our services to Aberdeen City Integration Joint Board, telephone 0141 300 5890 email: michael.wilkie@kpmg.co.uk who will try to resolve your complaint. If your problem is not resolved, you should contact Hugh Harvie, our Head of Audit in Scotland, either by writing to him at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG or by telephoning 0131 527 6682 or email to hugh.harvie@kpmg.co.uk. We will investigate any complaint promptly and do what we can to resolve the difficulties. After this, if you are still dissatisfied with how your complaint has been handled you can refer the matter to Diane McGiffen, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN.

Introduction

2019-20 is the fourth year of our external audit appointment to Aberdeen City Integration Joint Board (''the Board' or "the IJB"), having been appointed by the Accounts Commission as auditor of the Board under the Local Government (Scotland) Act 1973 ("the Act"). The period of appointment is 2016-17 to 2020-21, inclusive.

Our planned work in 2019-20 will include:

— an audit of the financial statements and provision of an opinion on whether the financial statements:

  ▪ give a true and fair view in accordance with the applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom ("the 2019-20 Code") of the state of the affairs of the Board as at 31 March 2020 and of the income and expenditure of the Board for the year then ended; and

  ▪ have been prepared in accordance with IFRS as adopted by the European Union, as interpreted and adapted by the 2019-20 Code, the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014 and the Local Government in Scotland Act 2003.

— completion of returns to Audit Scotland;

— a review and assessment of the Board's governance arrangements and review of the governance statement;

— a review of arrangements for preparing and publishing statutory performance information; and

— contributing to the audit of wider scope and Best Value through performance of risk assessed work.

Adding value

Throughout the audit, we will consider opportunities to add value and will conclude on this in our Annual Audit Report. We add value through:

— our experience, which brings insight and challenge;

— our tools and approach, which contribute to audit quality; and

— transparency and efficiency, which improves value for money.

Our team

The senior team involved in the external audit benefits from continuity in the engagement manager. For 2019-20, Michael Wilkie will take over the role of engagement leader. The team has significant experience in the audit of local authorities and integration joint boards. It is supported by specialists, all of whom work with a variety of local government and public sector bodies. All members of the team are part of our wider local government and health network. Contact details for senior members of the audit team are provided on the back page of this report.

Our work will be completed in three phases from January 2020 to June 2020. Our key deliverables are this audit strategy document, an International Standards on Auditing (UK) ("ISA") 260 *Communication of audit matters with those charged with governance* report and an Annual Audit Report.

Acknowledgements

We would like to take this opportunity to thank officers and members for their continuing help and co-operation throughout our audit work.

Page 75

Headlines

Materiality

Materiality for planning purposes has been based on 2018-19 gross expenditure and set at £3.2 million (1% of gross expenditure).

In line with the Code of Audit Practice, we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance and this threshold has been set at £0.160 million.

Page six

Audit risks

We have identified management override of controls as a default fraud risk which requires specific audit attention, in line with the International Standards on Auditing.

The risks with less likelihood of giving rise to a material error, but which are nevertheless worthy of audit understanding, relate to:

— completeness and accuracy of expenditure; and

— financial sustainability.

We will report on each of these areas in our Annual Audit Report which we plan to issue in June 2020.

Pages seven and eight

Financial statement audit

Our financial statements audit work follows a three stage audit process which is identified below. Appendix three provides more detail on the activities that this includes. This report concentrates on the audit planning stage of the financial statements audit.

| Financial statements audit planning | Substantive procedures | Completion |
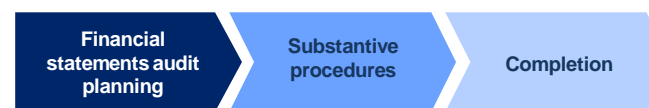
There are no significant changes to the 2019-20 Code, which means for this year there is consistency in terms of accounting standards the Board needs to apply.

Wider scope

Auditors are required to assess and provide conclusions in the Annual Audit Report in respect of four wider scope dimensions:

— financial sustainability;

— financial management;

— governance and transparency; and

— value for money.

We test wider scope areas where there are identified risks. We consider that there are wider scope risks in respect of demand pressures and the transformation programme. We have identified financial sustainability as a wider scope financial statement level focus area as set out opposite.

In addition, due to ongoing uncertainty related to EU withdrawal, we will consider Brexit as part of our risk assessment procedures and wider scope responsibilities

Pages 10 to 14

Headlines (continued)

Independence

In accordance with ISA 260 and the Financial Reporting Council (FRC) Ethical Standards, we are required to communicate to you all relationships between KPMG and the Board that may be reasonably thought to have bearing on our independence both:

— at the planning stage; and

— whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.

Appendix two contains our confirmation of independence and any other matters relevant to our independence.

Total fees charged by us for the period ended 31 March 2019 were communicated in our Annual Audit Report issued in May 2019. Total fees for 2019-20 will be presented in our Annual Audit Report issued on completion of the audit. The proposed audit fee for 2019-20 is £29,910 as set out below:

Total fee	Pooled costs	Contribution to PABV (Audit Scotland)	Contribution to Audit Scotland	Auditor remuneration (including VAT)
£29,210	£1,790	£5,360	£1,110	£20,950

Quality

International Standard on Quality Control (UK and Ireland) 1 ("ISQC1") requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.

Our Audit Quality Framework and KPMG Audit Manual comply with ISQC1. Our UK Senior Partner has ultimate responsibility for quality control. Operational responsibility is delegated to our Head of Quality & Risk who sets overall risk management and quality control policies. These are cascaded through our Head of Audit in Scotland and ultimately to Michael Wilkie as the Director leading delivery of services to the Board.

The nature of our services is such that we are subject to internal and external quality reviews. KPMG's annual financial statements include our transparency report which summarises the results of various quality reviews conducted over the course of each year.

We also provide Audit Scotland with details of how we comply with ISQC1 and an annual summary of our achievement of KPIs and quality results.

We welcome your comments or feedback related to this strategy and our service overall.

Regularity

We consider the risk of fraud and error over income and expenditure recognition, in line with *Practice Note 10 Audit of financial statements of public sector bodies in the United Kingdom.* As the Board is a net spending body, we consider it appropriate to extend our consideration to cover expenditure as well as income. We do not consider there to be a significant risk over income or expenditure, see page seven. We have identified the completeness and accuracy of expenditure as an other focus area, see page eight.

Financial statements audit planning

Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements.

Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

Materiality for planning purposes has been set at £3.2 million, which equates to 1% of 2018-19 gross expenditure. Materiality will be revised once draft financial statements for 2019-20 are received.

We design our procedures to detect errors in specific accounts at a lower level of precision, being £2.4 million (75% materiality).

Reporting to the Audit and Performance Systems Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Performance Systems Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260, we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Board, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.160 million.

If management has corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Performance Systems Committee to assist it in fulfilling its governance responsibilities.

Materiality
£3.2 million
1% gross expenditure

Reporting threshold
£0.160 million

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Financial statements audit planning (continued)

⚠ Significant risks and other focus areas

Risk assessment: Our planning work takes place during January 2020 and February 2020. This involves: risk assessment; determining the materiality level; and issuing this audit plan to communicate our audit strategy. We use our knowledge of the Board, discussions with management and review of Board papers to identify areas of risk and audit focus categorised into financial risks and wider dimension risks as set out in the Code.

Significant risk	The risk	Planned response
Financial statement risks		
Fraud risk from management override of controls	Professional standards require us to communicate the fraud risk from management override of controls as a significant risk; as management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	— Our audit methodology incorporates the risk of management override as a default significant risk. We have not identified any specific additional risks of management override relating to the audit of the Board. — Strong oversight of finances by management provides additional review of potential material errors caused by management override of controls. — In line with our methodology, we will carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the organisation's normal course of business, or are otherwise unusual.
Fraud risk from income revenue recognition and expenditure	Professional standards, as interpreted by Practice Note 10. require us to make a rebuttable presumption that the fraud risk from revenue recognition and expenditure are significant risks.	— The Board receives funding requisitions from Aberdeen City Council and NHS Grampian. These are agreed in advance of the financial year, with any changes arising from changes in need, requiring approval from each body. There is no estimation or judgement in recognising this stream of income and we do not regard the risk of fraud to be significant. — The Board issues directions to Aberdeen City Council and NHS Grampian in order to direct those bodies to deliver services delegated by the Board. The Board makes these directions based on its budget agreed in advance of the financial year. There is no estimation or judgement in recognising expenditure to these bodies, and we do not regard the risk of fraud to be significant.

Financial statements audit planning (continued)

Other focus area	The risk	Planned response
Financial statement focus area		
Completeness and accuracy of expenditure	The Board receives expenditure forecasts from Aberdeen City Council and NHS Grampian as part of the annual budgeting process. There is a risk that actual expenditure and resulting funding requisition income is not correctly captured.	— Our substantive audit will obtain support for gross expenditure included in Aberdeen City Council and NHS Grampian's accounting records. We will obtain confirmations of expenditure from each of these bodies.
Financial sustainability	Financial sustainability looks forward to the medium and longer term to consider whether the Board is planning effectively to continue to deliver its services or the way in which they should be delivered. This is inherently a risk to the Board given the challenging environment where funding is reduced and efficiency savings are required	— The Board receives funding from NHS Grampian and Aberdeen City Council, and as part of an Integration Scheme, has a risk sharing agreement with both bodies. This agreement stipulates overspends should be met through the use of reserves where possible, otherwise these bodies must make an additional one-off payment on the basis of each body's proportionate share of baseline contributions to the Board. This gives the Board comfort with regards to overspends, however, there is a risk going forward regarding ongoing budget balance, specifically in the context of challenging NHS and Council budgets. — We will consider the Board's financial planning, reserves strategy, and Board's use of reserves, concluding on the appropriateness of these in our Annual Audit Report. — See page 12 for further information regarding the financial sustainability wider scope.

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Other matters

Accounting framework update

From 2020-21, IFRS 16 *Leases* supersedes IAS 17 *Leases*. IFRS 16 introduces a single lessee accounting model. Public body lessees will be more likely to account for operating leases in a similar way to the current IAS 17 treatment for finance leases.

Given the nature of the Board we do not consider that these changes will have a significant impact on the financial statements.

In September 2019 the FRC published a revised UK auditing standard for Going Concern ISA UK 570. This responds to recent enforcement cases and well-publicised corporate failures where the most recent auditor's report had not included a material uncertainty on going concern. The revised standard is applicable for periods commencing on or after 15 December 2019**.**

Given the funding, nature and legislation in respect of the Board, we do not anticipate significant changes to the approach of management regarding going concern.

Controls testing

In respect of the financial statements, we identify the constituent account balances and significant classes of transactions and focus our work on identified risks. Determining the most effective balance of internal controls and substantive audit testing enables us to ensure the audit process runs smoothly and with the minimum disruption to the Board's finance team.

We have not identified any action points in 2018-19. Appendix three summarises our approach across each phase of the audit.

Internal audit

ISA 610 *Considering the work of internal audit* requires us to:

— consider the activities of internal audit and their effect, if any, on external audit procedures;

— obtain an understanding of internal audit activities to assist in planning the audit and developing an effective audit approach;

— perform a preliminary assessment of the internal audit function when it appears that internal audit is relevant to our audit of the financial statements in specific audit areas; and

— evaluate and test the work of internal audit, where use is made of that work, in order to confirm its adequacy for our purposes.

We will continue liaising with internal audit and update our understanding of its approach and conclusions were relevant. The general programme of work will be reviewed for significant issues to support our work in assessing the statement of internal control.

Wider scope and Best Value

Approach

We are required to assess and provide conclusions in the Annual Audit Report in respect of four wider scope dimensions: financial sustainability; financial management; governance and transparency; and value for money. We set out below an overview of our approach to wider scope and Best Value requirements of our annual audit. We provide on pages 12 to 14 our risk assessment in respect of these areas.

Risk assessment

We consider the relevance and significance of the potential business risks faced by Integration Joint Boards, and other risks that apply specifically to the Board. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the *Code of Audit Practice.*

In doing so we consider:

— The Board's own assessment of the risks it faces, and its arrangements to manage and address its risks.

— Evidence gained from previous audit work, including the response to that work.

— The work of other inspectorates and review agencies, through the Local Area Network ('LAN') which is established for Aberdeen City Council.

The LAN brings together local scrutiny representatives in a systematic way to agree a shared risk assessment. The shared risk assessment process across Scotland has changed for 2020-21 and no local scrutiny plans are prepared. We use the shared risk assessment process to consider if there are wider scope risks relevant to the Annual Audit Report.

Linkages with other audit work

There is a degree of overlap between the work we do as part of the wider scope/Best Value and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the control environment, many aspects of which are relevant to our wider scope audit responsibilities.

We always seek to avoid duplication of audit effort by integrating our financial statements and wider scope/Best Value work, and this will continue. We consider information gathered through the shared risk assessment and the Audit Commission's five strategic priorities when planning and conducting our work.

Wider scope and Best Value (continued)

Approach (continued)

Identification of significant risks

The Code identifies a matter as significant *'if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.'*

If we identify significant wider scope risks, we will highlight the risk to the Board and consider the most appropriate audit response in each case, including:

— Considering the results of work by the Board, inspectorates and other review agencies.

— Carrying out local risk-based work to form a view on the adequacy of the Board's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Concluding on wider scope and Best Value

At the conclusion of the wider scope/Best Value testing we will consider the results of the work undertaken and assess the assurance obtained against each of the wider scope audit dimensions, regarding the adequacy of the Board's arrangements for securing economy, efficiency and effectiveness in the use of resources.

If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our wider scope conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.

Reporting

We have completed our initial wider scope risk assessment and have not identified any significant risks, as noted on the pages 12-14. We will update our assessment throughout the year and should any issues present themselves we will report them in our Annual Audit Report.

We will report on the results of the wider scope and Best Value work through our Annual Audit Report. This will summarise any specific matters arising, and the basis for our overall conclusion.

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Wider scope and Best Value (continued)

Risk assessment

We have not identified any financial statement significant risks in relation to wider scope and Best Value. The Wider Scope focus areas to be specifically addressed through audit procedures are listed below.

Wider scope area	Why	Audit approach
Financial sustainability and financial management	**Financial management** is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. **Financial sustainability** looks forward to the medium and longer term to consider whether the Board is planning effectively to continue to deliver its services or the way in which they should be delivered. ***Specific identified focus areas:*** Demand pressures This is inherently a risk to the Board given the challenging environment, where funding is unlikely to increase in real terms and efficiency savings are required to meet the demand pressures for services. These pressures include the additional cost of locums in order to provide safe staffing levels and increases in prescribing spend. The Board is forecasting £2.5 million overspend at 31 December 2019 with a risk fund reserves at 31 March 2019 of the same amount. The Board recognises that the majority of the budget pressures are of recurring nature and these would need to be taken into account when setting the budget for 2020-21.	— We will obtain an understanding of the Board's financial position and year end outturn position through review of board reports and other management information. We will assess management's progress with implementation of efficiency savings. Commentary and analysis on these areas will be provided within the Annual Audit Report. — We will perform substantive procedures, including substantive analytical procedures over income and expenditure, comparing the final position to budget. — The Board receives funding requisitions from NHS Grampian and Aberdeen City Council, and has a risk sharing agreement in place with both bodies. This gives the Board comfort with regards to any overspends in 2019-20, however, there is a risk going forward regarding ongoing budget balance, specifically in the context of the challenging NHS Grampian and Aberdeen City Council budgets, see page eight. — We will consider the Board's financial planning and reserves strategy and conclude on the appropriateness of these in our Annual Audit Report.

Wider scope and Best Value (continued)

Wider scope area	Why	Audit approach
Financial sustainability and financial management (continued)	***Specific identified focus areas (continued):*** Audit Scotland planning guidance requires us to consider the following matters which are potential risks to all Public Sector bodies. Fraud and corruption arrangements in procurement function Fraud and corruption in the procurement function (such as illicit rebates, kickbacks, and false invoicing) is a risk across the public sector. EU withdrawal The Bill covering the UK's withdrawal from the European Union was passed in January 2020, effective 31 January 2020. Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. There is a risk that Board fails to prepare for, or is impacted by changes to employees, citizens, funding or regulations. Performance audits returns Audit Scotland planning guidance refers to delivery of performance programmes and includes considering Social Care Sustainability and impact return on children and young people's mental health study. The aim of the Social Care Sustainability performance work is to explore how social care services are provided across Scotland at a high-level; how much is being spent, how this has changed and future spending plans; what the main pressures and risks are; the level of medium to long-term planning; and outcomes for local populations.	— We will report on how the Board reports on its funding arrangements, responsibilities and performance through the audit of its management commentary and financial statements. — We will consider the arrangements the Board has in place to manage the risk of procurement fraud at the IJB and partner level. The areas where we expect to see more specific arrangements include risk registers, controls around the procurement process, gifts and hospitality policies, staff training, internal audit coverage and whistle blowing. — We will remain alert to the impact of the EU withdrawal on the Board's operations and the environment within which it operates as part of our risk assessment procedures and wider scope responsibilities. — Scoping work is being developed by Audit Scotland in relation to Social Care Sustainability review and we will follow up on the required work once the scope is finalised and communicated. — We will provide the information for the impact return in conjunction with our audit team responsible for Aberdeen City council audit.
Governance and transparency	**Governance and transparency** is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.	— We will consider the effectiveness of scrutiny and governance arrangements, by evaluating the challenge and transparency of the reporting of financial and performance information. — We will update our understanding of the controls and processes around capturing officers' and Board members' interests.

Wider scope and Best Value (continued)

Risk assessment (continued)

Wider scope area	Why	Audit approach
Value for money	Value for money is concerned with how effectively resources are used to provide services.	— We will specifically consider statutory performance indicators, performance reporting and arrangements to provide for continuous improvement. — We complete a Best Value audit work for Aberdeen City Council and will include the narrative related to the Board where relevant. In 2019-20 the Best Value area being specifically considered is Equal Opportunities.

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Appendices

Mandated communications with the Audit and Performance Systems Committee

Matters to be communicated	Link to audit and performance systems committee papers
Independence and our quality procedures ISA 260 (UK).	— See page 17.
The general approach and overall scope of the audit, including levels of materiality, fraud and engagement letter ISA 260 (UK).	— Main body of this paper
— Disagreement with management about matters that, individually or in aggregate, could be significant to the entity's financial statements or the auditor's report, and their resolution (AU 380).	— In the event of such matters of significance we would expect to communicate with the Audit and Performance Systems Committee throughout the year. — Formal reporting will be included in our Annual Audit Report for the Audit and Performance Systems Committee meeting, which focuses on the financial statements.
— Significant difficulties we encountered during the audit. — Significant matters discussed, or subject to correspondence, with management (ISA 260).	
— Our views about the qualitative aspects of the entity's accounting and financial reporting. — The potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements (ISA 260 and ISA 540).	
— Audit adjustments, whether or not recorded by the entity, that have, or could have, a material effect on its financial statements. We will request you to correct uncorrected misstatements (including disclosure misstatements) (ISA 450).	
— The selection of, or changes in, significant accounting policies and practices that have, or could have, a material effect on the entity's financial statements (ISA 570).	
— Material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern (ISA 570).	
— Expected modifications to the auditor's report (ISA 705).	
— Related party transactions that are not appropriately disclosed (ISA 550)	

Auditor Independence

Assessment of our objectivity and independence as auditor of the Aberdeen City Integration Joint Board (the Board)

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

General procedures to safeguard independence and objectivity;

Independence and objectivity considerations relating to the provision of non-audit services; and

Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

– Instilling professional values

– Communications

– Internal accountability

– Risk management

– Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit & Performance Systems Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.
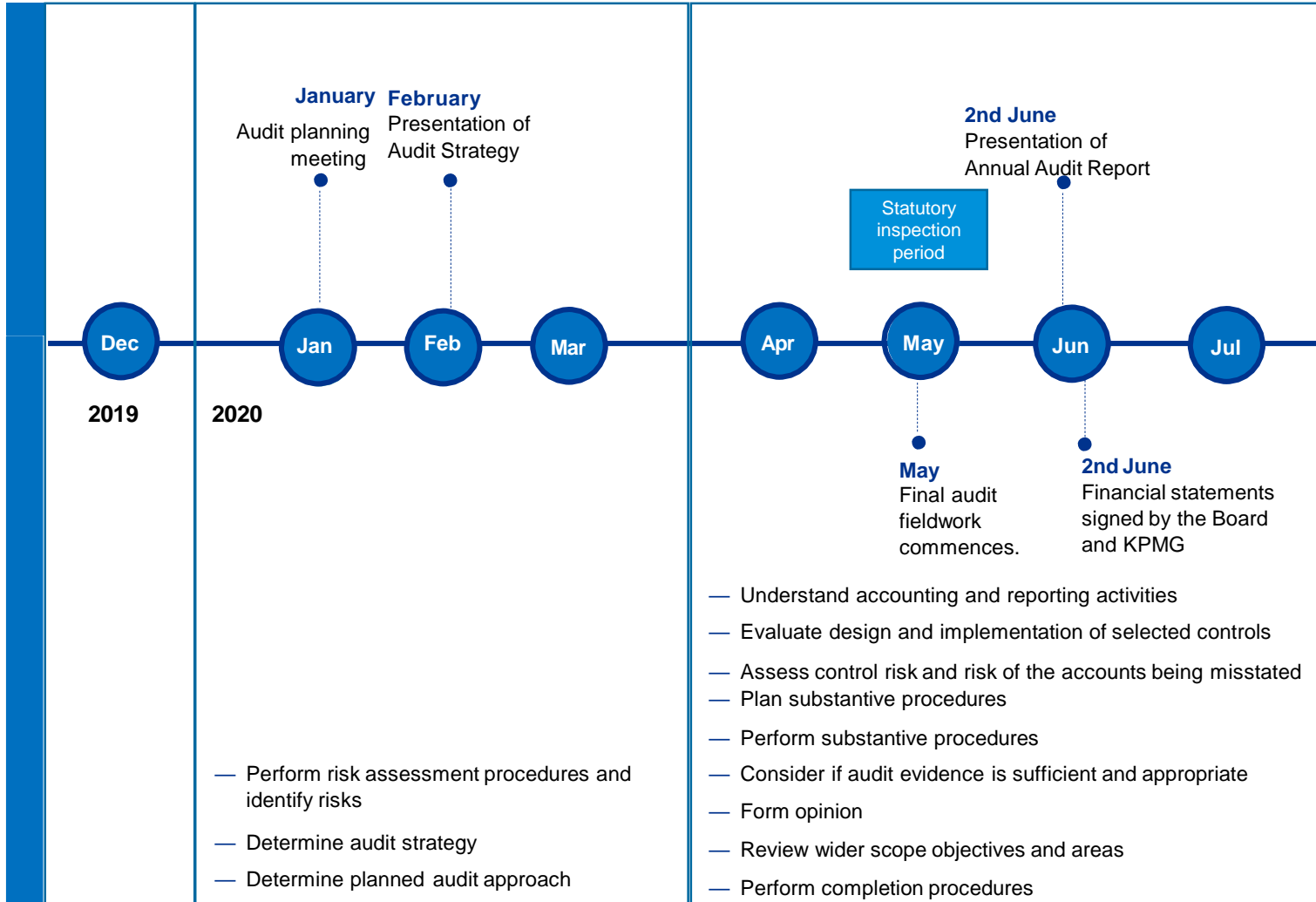
This report is intended solely for the information of the Audit & Performance Systems Committee and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

Timeline

January
Audit planning meeting

February
Presentation of Audit Strategy

2nd June
Presentation of Annual Audit Report

Statutory inspection period

Dec **Jan** **Feb** **Mar** **Apr** **May** **Jun** **Jul**

2019 **2020**

May
Final audit fieldwork commences.

2nd June
Financial statements signed by the Board and KPMG

— Understand accounting and reporting activities

— Evaluate design and implementation of selected controls

— Assess control risk and risk of the accounts being misstated
— Plan substantive procedures

— Perform substantive procedures

— Consider if audit evidence is sufficient and appropriate

— Form opinion

— Review wider scope objectives and areas

— Perform completion procedures

— Perform risk assessment procedures and identify risks

— Determine audit strategy

— Determine planned audit approach

Audit outputs

Output	Description	Report date
Audit strategy	Our strategy for the external audit of the Board, including significant risk and audit focus areas.	By 25 February 2020
Independent auditor's report	Our opinion on the Board's financial statements.	By 30 June 2020
ISA 260 report (included in the Annual Audit Report)	Required communications with Those Charged With Governance	By 30 June 2020
Annual Audit Report	We summarise our findings from our work during the year.	By 30 June 2020
Audit reports on other returns	We will report on the following returns: — Current issues return — Fraud returns	 January, March, July and October 2020 November 2019, February, May and August 2020
Audit reports to support Audit Scotland's wider analysis	We will report on the following matters in conjunction with our Aberdeen City Council audit colleagues: — Children and young people's mental health impact report submission to Audit Scotland	 April/May 2020 (by Audit Scotland)

Audit Scotland code of audit practice – responsibility of auditors and management

Responsibilities of management

Financial statements

Audited bodies must prepare an annual report and accounts containing financial statements and other related reports. They have responsibility for: — preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation; — maintaining accounting records and working papers that have been prepared to an acceptable professional standard and that support their financial statements and related reports disclosures; — ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate Council; — maintaining proper accounting records; and — preparing and publishing, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also clearly address the longer- term financial sustainability of the body. Further, it is the responsibility of management of an audited body, with the oversight of those charged with governance, to communicate relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely. Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.

Prevention and detection of fraud and irregularities

Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and also to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

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Audit Scotland code of audit practice – responsibility of auditors and management

Responsibilities of management
Corporate governance arrangements
Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including Audit and Performance Systems Committees or equivalent) in monitoring these arrangements.
Financial position
Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to: — such financial monitoring and reporting arrangements as may be specified; — compliance with any statutory financial requirements and achievement of financial targets; — balances and reserves, including strategies about levels and their future use; — how they plan to deal with uncertainty in the medium and longer term; and — the impact of planned future policies and foreseeable developments on their financial position.
Best Value, use of resources and performance
The Scottish Public Finance Manual sets out that accountable officers appointed by the Principal Accountable Officer for the Scottish Administration have a specific responsibility to ensure that arrangements have been made to secure best value.

Page 93

Audit Scotland code of audit practice – responsibility of auditors and management

Responsibilities of auditors
Appointed auditor responsibilities

Auditor responsibilities are derived from statute, this Code, International Standards on Auditing (UK and Ireland), professional requirements and best practice and cover their responsibilities when auditing financial statements and when discharging their wider scope responsibilities. These are to:

— undertake statutory duties, and comply with professional engagement and ethical standards;

— provide an opinion on audited bodies' financial statements and, where appropriate, the regularity of transactions;

— review and report on, as appropriate, other information such as annual governance statements, management commentaries, remuneration reports, grant claims and whole of government returns;

— notify the Auditor General when circumstances indicate that a statutory report may be required;

— participate in arrangements to cooperate and coordinate with other scrutiny bodies (local government sector only);

— demonstrate compliance with the wider public audit scope by reviewing and providing judgements and conclusions on the audited bodies:

  – effectiveness of performance management arrangements in driving economy, efficiency and effectiveness in the use of public money and assets;

  – suitability and effectiveness of corporate governance arrangements; and

  – financial position and arrangements for securing financial sustainability.

Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work in accordance with the Code, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Audit Scotland code of audit practice – responsibility of auditors and management

Responsibilities of auditors
General principles
This Code is designed such that adherence to it will result in an audit that exhibits these principles.
Independent
When undertaking audit work all auditors should be, and should be seen to be, independent. This means auditors should be objective, impartial and comply fully with the Financial Reporting Council's (FRC) ethical standards and any relevant professional or statutory guidance. Auditors will report in public and make recommendations on what they find without being influenced by fear or favour.
Proportionate and risk based
Audit work should be proportionate and risk based. Auditors need to exercise professional scepticism and demonstrate that they understand the environment in which public policy and services operate. Work undertaken should be tailored to the circumstances of the audit and the audit risks identified. Audit findings and judgements made must be supported by appropriate levels of evidence and explanations. Auditors will draw on public bodies' self-assessment and self-evaluation evidence when assessing and identifying audit risk.
Quality focused
Auditors should ensure that audits are conducted in a manner that will demonstrate that the relevant ethical and professional standards are complied with and that there are appropriate quality-control arrangements in place as required by statute and professional standards.

Audit Scotland code of audit practice – responsibility of auditors and management

Responsibilities of auditors
Coordinated and integrated
It is important that auditors coordinate their work with internal audit, Audit Scotland, other external auditors and relevant scrutiny bodies to recognise the increasing integration of service delivery and partnership working within the public sector. This would help secure value for money by removing unnecessary duplication and also provide a clear programme of scrutiny activity for audited bodies.
Public focused
The work undertaken by external audit is carried out for the public, including their elected representatives, and in its interest. The use of public money means that public audit must be planned and undertaken from a wider perspective than in the private sector and include aspects of public stewardship and best value. It will also recognise that public bodies may operate and deliver services through partnerships, arm's-length external organisations (ALEOs) or other forms of joint working with other public, private or third sector bodies.
Transparent
Auditors, when planning and reporting their work, should be clear about what, why and how they audit. To support transparency the main audit outputs should be of relevance to the public and focus on the significant issues arising from the audit.
Adds value
It is important that auditors recognise the implications of their audit work, including their wider scope responsibilities, and that they clearly demonstrate that they add value or have an impact in the work that they do. This means that public audit should provide clear judgements and conclusions on how well the audited body has discharged its responsibilities and how well they have demonstrated the effectiveness of their arrangements. Auditors should make appropriate and proportionate recommendations for improvement where significant risks are identified.

Page 96

The contacts at KPMG in connection with this report are:

KPMG

Michael Wilkie

Director

Tel: 0141 300 5890

michael.wilkie@kpmg.co.uk

Adrian Kolodziej

Manager

Tel: 0141 228 4275

adrian.kolodziej@kpmg.co.uk

Lucy Preston

Assistant Manager

Tel: 0117 905 4108

lucy.preston@kpmg.co.uk

Page 98

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Aberdeen City Health & Social Care Partnership
A caring partnership

RISK, AUDIT AND PERFORMANCE COMMITTEE

Date of Meeting	25 February 2020
Report Title	NHS In Scotland 2019 – Audit Scotland October 2019
Report Number	*HSCP.19.104*
Lead Officer	*Sandra Macleod, Chief Officer*
Report Author Details	*Lynn Morrison* *Lead AHP* lynn.morrison@nhs.net
Consultation Checklist Completed	*Yes*
Appendices	a. *NHS in Scotland 2019 – Audit Scotland*

1. Purpose of the Report

1.2 The report published in October 2019 provides an overview of the NHS in Scotland and the realities and challenges of delivering healthcare in Scotland. The report sets out some of the key building blocks to underpin health and social care reform.

1.3 It also provides an assessment of the progress towards achieving the objectives of the five year Health and Social Care Delivery Plan (2016), some of the key aims being to shift care from hospital to the community, expand multidisciplinary working and improve access to care and treatment.

RISK, AUDIT AND PERFORMANCE COMMITTEE

1.4 The report includes a number of case study examples of good practice throughout and makes a number of specific recommendations for the Scottish Government, NHS boards and Integration Authorities (IAs).

2. Recommendations

2.1. It is recommended that the Risk, Audit and Performance Committee:

    a) Note the contents of this report

3. Summary of Key Information

3.1 The NHS in Scotland faces growing pressures due to changes in the population and increasing costs to deliver healthcare. People are living longer and many are living with long term conditions. Expectations are rising for the NHS to deliver high quality, timely and technologically advanced care.

3.2 The Scottish Government has a long-held ambition to deliver care closer to home and to reduce the demand for acute services. Healthcare reform is essential and health and social care integration including effective collaboration with key partners is a key pillar of delivering this change. Financial pressures are significant, and this makes it even harder to deliver the necessary reform.

3.3 One of the key building blocks put in place to support boards to make these changes was the Health and Social Care Medium-Term Financial Framework (MTFF) published in 2018 which set out the reforms required to ensure financial sustainability. A key element of this is around longer-term planning and makes it a requirement for NHS Boards to develop three year financial and performance plans. At the same time as the MTFF was published the Scottish Government also announced that *'boards will no longer be required to break even at the end of each financial year. Instead they will be required to break even over a three-year period.'*

3.4 Key to achieving the ambitions of health and social care reform is that this requires more investment in primary, community and social care with the aim that 50% of the savings released from the hospital sector is redirected to these areas. The release of savings from the hospital sector is

predicated on: increases in efficiency savings; reductions in A+ E attendances, in-patients and out-patients; and regional working and public health prevention strategies.

3.5 The report states that the pace of change to address the challenges through the integration of health and social care has been too slow. The Scottish Government first set out its ambitions for integration in 2005 in *Delivering for Health* and in 2014 legislated for health and social care reform to mandate for this change with the introduction of Integration Authorities (IAs) who were delegated the responsibility for planning, designing and commissioning primary and community care services. However, the report concludes that to date there is little evidence to demonstrate a real shift in spending and services from hospitals to community and social care.

3.6 One of the key recommendations of the report is that the Scottish Government needs to work with NHS, wider partners and the public to develop its new strategy for health and social care and that more needs to be done to ensure that staff are supported to deliver health and social care in a safe, fulfilling and respectful environment.

3.7 **Part 1 – How the NHS is Performing - Progress against delivery of the Health and Social Care Delivery Plan (NHS Scotland data from 2018/19):**

3.7.1 *Demand*
- Demand for health services is at an all-time high
- Rising demands for hospital care e.g. Accident and emergency attendances1.7 million - increased by 2.8% from previous year; increased number of people waiting for out-patient appointments; increased hospital admissions for planned and unplanned care and challenges remaining around delayed discharges
- Scottish Government Waiting Times Improvement Plan introduced in 2018 with £850M being invested over two and a half years on staffing and capital projects

RISK, AUDIT AND PERFORMANCE COMMITTEE

3.7.2 *Capacity/workforce*

- 53% of revenue spending is on workforce
- Despite the ongoing pressures and changes taking place the NHS workforce remains committed to delivering high quality, safe and person-centred care
- Increasingly challenging to recruit enough people with the right skills
- Vacancy rates rising for Consultants (7.7%), Nursing (4.9%) and Allied Health Professionals (AHPs) (4.7%) – AHP vacancy rate is highest in Grampian at 9.1%
- Sickness absence 5.4%– NHS target is 4%
- Staff turnover 6.4%
- 22% of the workforce aged over 55
- Workforce needs to change and adapt to support more care in the community rather than in hospitals
- New GP contract – increases the role that GPs will have in planning and delivering health and care services and increase in the amount of time they have available to deal with more complex cases by developing multidisciplinary teams in primary care e.g. new roles in primary and community care as part of extended multidisciplinary teams – Pharmacists, Physiotherapists, Paramedics etc. Lack of data at the time of the report to be able to determine if these aims are on track or not
- Report acknowledges the challenges around supply, recruitment and risks of destabilising other parts of the system to achieve this
- Supplementary Staffing – this is increasing due to the challenges around recruitment and retention, sickness absence and pressures to meet waiting time targets and other service pressures and is a significant cost pressure – various initiatives in place to try and reduce this e.g. closer working with Higher Education Institutes (HEIs) to secure graduate entry employees, recruitment to alternative roles, oversees recruitment. Significant variation in spend across Scotland with the North region highest at £43 per 1000 population compared to £27 and £23 per 1000 population in the East and West of Scotland respectively. Some Boards have managed to reduce their costs, but this remains a challenge in a number of areas including Grampian
- Uncertainty over the impact of leaving the European Union (EU) on staff recruitment and retention – some professional bodies have already reported a decline in the number of applicants from other EU countries

4

RISK, AUDIT AND PERFORMANCE COMMITTEE

3.7.3 Performance

- Only two of the eight key national waiting times targets met by NHS Scotland: patients starting cancer treatment within 31 days and drug and alcohol patients seen within three weeks
- High degree of patient satisfaction e.g. 86% of people in hospital reported a positive experience of care
- Patient safety improving – Scottish Patient Safety Programme in place since 2008 has been key to this
- Reduction in length of stay in hospital
- Stabilisation of drug costs in 2017/18 – increasing use of generic medicines; switching from high cost drugs to suitable lower cost alternatives (biosimilar drugs); reducing the amount of drugs prescribed in primary care through regular medication reviews. NHS Grampian reduced its prescribing budget by £3.5M mainly through switching to lower cost alternatives.
- Uncertainty regarding impact of leaving the EU on medication supply and costs – significant contingency planning by UK and Scottish Governments to mitigate this
- Some examples of new and innovative models of service delivery including wider partners but overall the report concludes that the pace of change is too slow
- Quality and availability of health and social care data needs to improve to better understand the trends in demand and activity to determine how to use available resources most effectively
- Lack of data and information available to measure performance and outcomes. This is a particular gap in primary and community care and the report recommends this is addressed as a matter of urgency
- Creation of Public Health Scotland should support better population level data

3.7.4 Finance

- NHS Budget in 2018/19 £13.4 Billion – single biggest area of government spending (42% of the total budget and growing)
- £65.7million additional financial support needed for 4 NHS Boards in 2018/19 – there is a year on year increasing requirement for support from Scottish Government and over-reliance on one-off savings (50% of all savings are non-recurring)

RISK, AUDIT AND PERFORMANCE COMMITTEE

- The level of planned savings that are 'high risk' (high likelihood that they will not be realised) is increasing
- The number of boards requiring external support to work with them towards achieving financial balance is increasing
- Without reform, the projected shortfall in health and social care funding by 2023/24 is predicted to be £1.8Billion
- NHS Boards delegate funding to Integration Authorities for certain health services and in 2018/19 52% of budgets were delegated.
- 63% reduction in capital funding (buildings and equipment) over the past 10 years and significant levels of backlog maintenance – the Scottish Government has committed to developing a national capital investment strategy and this report recommends that this is finalised and published as a matter of urgency
- Scottish Government have committed to a number of major capital programmes including; as part of the elective care centres programme to increase diagnostic and procedural capacity locally; the Baird Family Hospital and Anchor Centre at the Foresterhill Campus in Aberdeen
- Recent concerns related to health and safety issues in relation to high-profile new hospital builds. The report recommends that it will be essential to learn from these to inform future infrastructure projects

3.8   Part 2- Achieving a Sustainable NHS - Key messages and recommendations from the report

3.8.1 A new strategy for health and social care from 2020 onwards is needed to deliver the health and social care integration ambition set out in the Scottish Governments 2020 vision and those initiatives that are most likely to achieve the reform needed must be identified and prioritised. There are many examples of initiatives that may or may not have contributed to the overall aims and this needs to be understood. The report also highlights that cultural change may be required to support new ways of working

3.8.2 To reform health and social care requires changes to the NHS workforce – at the time of this report the Integrated Health and Social Care workforce plan was not published – this was published in January 2020 *National Health & Social Care Workforce Plan*

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3.8.3   Workforce is critical to deliver the ambitions of integration and there are some significant challenges in key areas of workforce across Scotland. IAs are expected to provide workforce plans (not all IAs have done this) with Aberdeen City HSCP producing its first integrated workforce plan in 2019. There are plans to change the workforce in relation to the new GP contract and associated Primary Care Implementation Plans (PCIP) and at the time of this report it was unclear as to whether these would be achieved within the expected timescales.

3.8.4   **Importance of Leadership at a senior level –** there has been significant turnover in recent years in senior roles across a number of health boards with challenges in recruitment to key positions at this level in some areas. The NHS Leadership Academy suggests that Chief Executives should stay in post for at least five years to give organisations stability to support effective strategic planning. It also suggests that it takes Chief Executives between 15-32 months to transition into their role. These workforce challenges are being addressed including using value-based recruitment, new appraisal processes, better induction and professional development for non-executive directors and chairs, collaborative learning opportunities including Project Lift. However, the report concludes that it is too early to say whether these approaches are working and the position is now stabilising.

3.8.5   **Improvement in workplace culture** is a key priority following recent reports of bullying and harassment and the Scottish Government has committed to this through *Everyone Matters: 2020 Workforce Vision* published in 2013 and more recently the *Sturrock Report* published in 2019 which made specific recommendations that included: a requirement for person-centred leadership; working in partnership with and engaging with staff at all levels; improvements in governance; and improvements in the management of human resources processes. The government has established a ministerial led group to oversee that the recommendations are implemented and a review of all workplace policies including bullying and harassment is being undertaken.   New legislation to create an Independent National Whistleblowing Officer for NHS Scotland is being put in place and NHS Boards have to appoint a Whistleblowing champion as part of the role of one of their non-executive directors. All boards now have to provide and assurance that they are aware of culture and behaviours in their organisation and plans to address any issues – NHS Grampian have recently carried out

a workforce survey which will be used as the basis of the local improvement plan and has established a culture working group to take this forward. In the partnership culture is part of the Organisational Development and Culture workstream.

3.8.6 **Senior Leaders should consider how they can improve engagement with frontline staff** – staff engagement is measured through the national iMatter staff experience survey which has been in place since 2015. Feedback has consistently rated lower two key areas: *how well staff are involved in decision making and the visibility of senior leaders*. Both of these domains align with some of the leadership and cultural issues highlighted in this report. In addition, staff feedback around bullying is measured via the biennial Dignity at Work Survey. This report recommends that the Scottish Government should consider incorporating questions relating to organisational culture and behaviour across the NHS within a single annual staff survey. Local initiatives in the partnership to address these areas include Integration conversations with the Chief Officer and Connections workshops.

3.8.7 **Pace of change is a recurring theme in the report.** In 2018 the Scottish Government, NHS Scotland and COSLA released a joint statement stating their shared commitment to integration with an emphasis on the need for pace. Audit Scotland in their report *Health and Social Care Integration: update on progress* identified 6 key areas that IAs and their Health and Local Authority partners needed to address:

> **Key features supporting integration:**
>
> 1. **Collaborative leadership and building relationships**
> 2. **Integrated finances and financial planning**
> 3. **Effective Strategic planning for improvement**
> 4. **Agreed governance and accountability arrangements**
> 5. **Ability and willingness to share information**
> 6. **Meaningful and sustained engagement**

3.8.8 Reports from the external auditors of NHS Boards highlighted a number of challenges in relation to these in 2018/19: financial pressures; variation in planning arrangements between NHS Boards and IAs to plan services and

budgets; workforce pressures including availability of the right skills and experience; difficulties in finding time to support reform and integration while maintaining acute services.

3.8.9 The Ministerial Strategic Group for Health and Community Care (MSG) was commissioned in 2018 as a result of the concerns around the pace of health and social care integration and published its findings in February 2019 and set out a range of proposals under the above headings. All health boards, local authorities and IAs were required to complete a self-evaluation with update reports requested. This has been completed by Aberdeen City HSCP with regular updates provided to Scottish Government as part of the monitoring of progress towards health and care integration.

3.8.10 **Digitalisation- the potential of this has yet to be maximised.** The new Digital Health and Care Strategy was published in April 2018 and set out the priorities for the next ten years to support health and social care transformation and included: sharing information across health and social care; improving patient safety and coordination of care; supporting the redesign of services; building workforce capability. Key to this will be the new national health and social care digital platform, use of tools such as the electronic frailty index tool to support early identification and management of people with frailty, and technology to support virtual clinics and remote monitoring of illnesses – there is work underway in Grampian and in Aberdeen using Near Me to support patient care and reduce the need for face-to-face consultations. The partnership is also seeking to strengthen its leadership around Digitalisation.

3.8.11 **Engaging with local communities when making changes to health and social care services** – the report states that more needs to be done to increase public reporting and to involve communities in the planning and designing of changes to services. Good Governance self-assessments carried out by Health Boards in 2019 identified areas for improvement around communication and engagement strategies to support better inclusion. The Community Empowerment (Scotland) Act 2015 sets out the requirements for all public bodies to work with stakeholders when making decisions about services and to work in partnership with communities to support the co-design of services and improve outcomes. The Place Principle introduced by the Scottish Government and COSLA is also key in supporting collaboration and co-design of our communities. Our Locality Leadership

9

Groups were established to create a local interface between the partnership, services and the community and developed joint locality plans, adopting a co-production approach. This will evolve as we move to our three-locality model with new Locality Empowerment Groups being created and closer working with key community planning partners and the wider community. Revised partnership guidance around Community Engagement is currently out for consultation.

3.8.12 **NHS Governance -** NHS Boards are responsible for ensuring that health services are delivered safely, efficiently and effectively and good governance arrangements are essential to ensure sufficient scrutiny and assurance of financial and operational performance. The Scottish Government is currently carrying out a range of measures to strengthen these arrangements including piloting a standardised review of corporate governance – NHS Scotland's A Blueprint for Good Governance (February 2019). Key themes emerging for improvement are around: board member induction, skills and ongoing training and development; strengthening risk management arrangements; standardising corporate governance documents; and improving the timing and quality of reports submitted to the board. Within the partnership, work is ongoing to update the Board Escalation and Assurance Framework and specific work is underway to strengthen our risk management arrangements. During 2019 there was a review of our clinical and care governance arrangements and changes implemented as a result, and these are continuing to be refined and will be informed by the new Clinical and Care Governance guidance currently being developed by Scottish Government.

3.9   **Observations**

3.9.1   Our refreshed HSCP Strategy and ambitions are fully aligned to the national ambitions and the programme management approach, investment in leadership development, and the development of shared objectives are good examples of measures being put in place to support the change needed.

3.9.2   Localities development as set out in the recent Localities paper by the Chief Officer is a key priority with the development of our Locality Empowerment Groups along with the shared objective to develop integrated locality working.

3.9.3   Pace is a significant challenge for all – transforming our core business while delivering safe and effective services is a challenge that cannot be underestimated. Local workforce challenges makes this more challenging in

10

some areas. This is the most significant change to health and care since the inception of the NHS requiring significant cultural change and we must continue to recognise the importance of investing time and effort in winning 'hearts and minds' and creating the conditions to enable people to make the changes needed – a challenge for both the workforce and for people and communities and how we manage their expectations. Our plans to bring together our Service Managers to develop and support them to create the conditions necessary to support integrated locality working are a good example of how we are putting this into practice.

3.9.4   Our staff are our biggest asset and we use the annual iMatter survey to gauge staff experience and wellbeing and support this with a range of wellbeing initiatives. We need to be mindful of our culture and not be complacent. The recent Sturrock report and information from the recent self-assessments carried out by the health board should help us identify any areas for improvement.

3.9.5   Finance remains a challenge across the whole system. The partnership has a medium-term financial strategy in place and ongoing work to identify cost efficiencies through service redesign and specific strategies to manage areas of cost pressure such as locum/agency expenditure and redesigning our pathways and services through working differently

3.9.6   Understanding the demand coming into our services is critical and work is underway with community planning partners and within the partnership to better understand the demands we face and identify opportunities to manage some of this demand differently. This includes more emphasis on prevention and supporting self-management including opportunities to work with people, communities and the third and independent sector to meet needs in different ways in the future.

3.9.7   Strategic reviews of key service areas are underway and good progress has been made – work is well underway around Mental Health, Older People's pathway, Respiratory, and Palliative and end of life care, with the Rehabilitation review starting in April 2020. The outcomes of these reviews will be key to informing pathways redesign and how we use the resource across the system differently in the future in support of the intention to move away from hospital-based delivery to a community model of care.

3.9.8 The Health and Care Staffing (Scotland) Act 2019 will also need to be considered and the implications of this will inform our workforce planning and work is underway to develop the national guidance that will underpin the legislation.

4.   Implications for IJB

4.1.   Equalities - There are no implications on Equalities from the recommendations of this report.

4.2.   Fairer Scotland Duty - There are no direct implications to Fairer Scotland Duty from the contents of this report.

4.3.   Financial - There are no direct financial implications arising from the recommendations of this report.

4.4.   Workforce – There are no direct workforce implications rising from the recommendations of this report.

4.5.   Legal - *There are no direct legal implications arising from the recommendations of this report.*

5.   Links to ACHSCP Strategic Plan

Not Applicable

6.   Management of Risk

6.1.   Identified risks(s)

All risks are detailed throughout this report.

6.2.   Link to risks on strategic or operational risk register:

This report links strongly with risk 9 of the Strategic Risk Register;
There is a risk that if the System does not redesign services from traditional models in line with the current workforce marketplace in the City this will have an impact on the delivery of the IJB Strategic Plan.

RISK, AUDIT AND PERFORMANCE COMMITTEE

Approvals	
Sandra Macleod	Sandra Macleod (Chief Officer)
Alex Stephen	Alex Stephen (Chief Finance Officer)

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NHS in Scotland 2019

AUDITORGENERAL

Auditor General for Scotland

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Contents

Links

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📊 **Exhibit data**

When viewing this report online, you can access background data by clicking on the graph icon. The data file will open in a new window.

Audit team

The core audit team consisted of:
Leigh Johnston, Fiona Watson, Eva Thomas-Tudo, Agata Maslowska, Veronica Cameron and John Kirkwood with support from other colleagues and under the direction of Claire Sweeney.
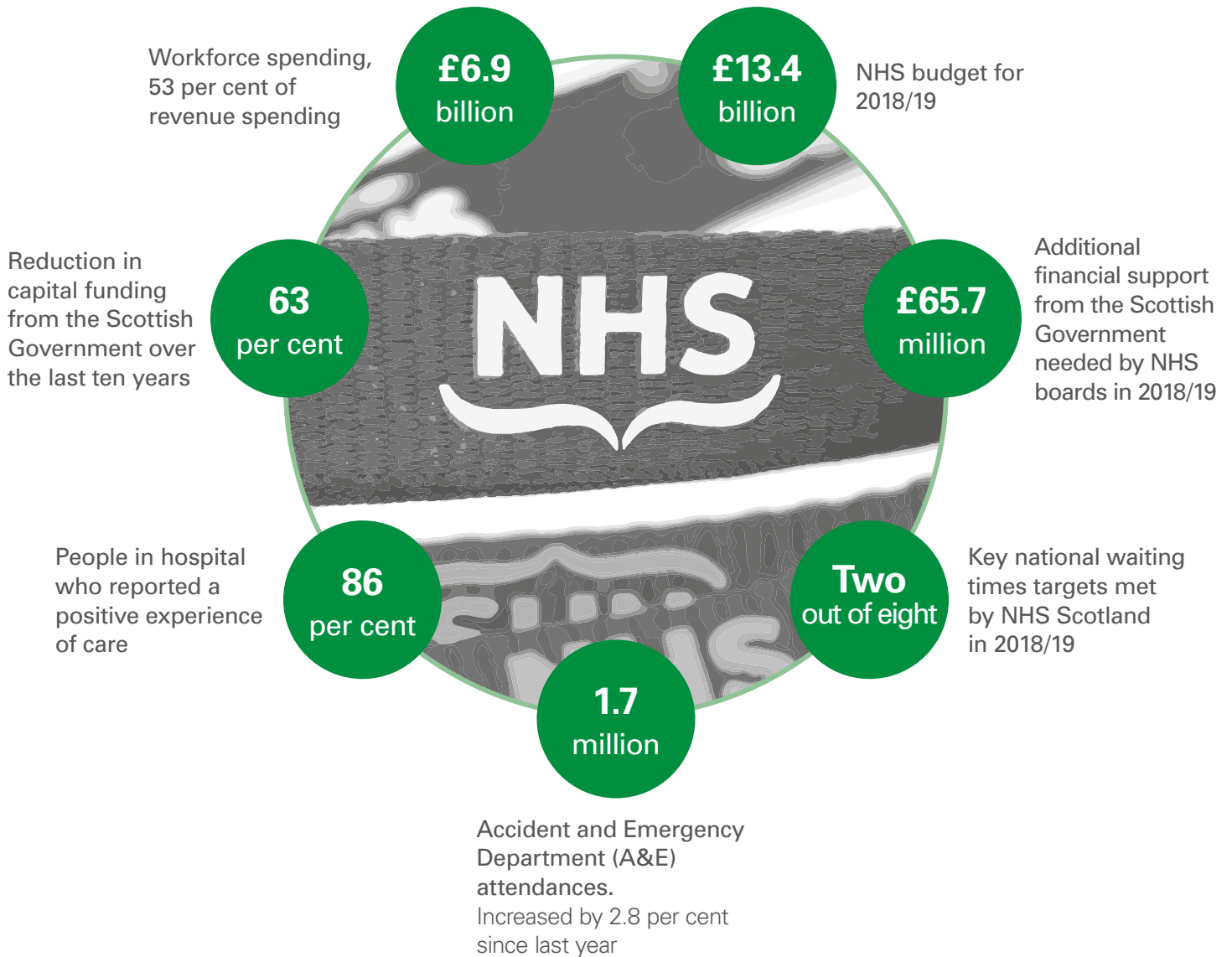
Key facts

Workforce spending, 53 per cent of revenue spending

£6.9 billion

£13.4 billion

NHS budget for 2018/19

Reduction in capital funding from the Scottish Government over the last ten years

63 per cent

£65.7 million

Additional financial support from the Scottish Government needed by NHS boards in 2018/19

People in hospital who reported a positive experience of care

86 per cent

Two out of eight

Key national waiting times targets met by NHS Scotland in 2018/19

1.7 million

Accident and Emergency Department (A&E) attendances.
Increased by 2.8 per cent since last year

Summary

Key messages

1 Health remains the single biggest area of government spending, at £13.4 billion in 2018/19. This was 42 per cent of the 2018/19 Scottish Government budget and is growing. The healthcare system faces increasing pressure from rising demand and costs, and it has difficulty meeting key waiting times standards. Without reform, the Scottish Government predicts that there could be a £1.8 billion shortfall in the projected funding for health and social care of £18.8 billion by 2023/24. So far, the pace of change to address this, particularly through the integration of health and social care, has been too slow.

2 The Scottish Government has started to put in place foundations to support boards make the changes required. These include the publication of the *Health and Social Care: Medium-Term Financial Framework*, the *Waiting Times Improvement Plan* and the introduction of a national leadership development project. The new requirement for NHS boards to develop three-year financial and performance plans enables them to more effectively plan how services will be delivered in the longer term. It is, however, too soon to assess the impact of these initiatives.

3 Despite the existing pressures, patient safety and experience of hospital care continue to improve. Drugs costs have stabilised, and we have seen examples of new and innovative ways of delivering healthcare that involve a range of partners. These aim to increase the care provided in the community and expand multidisciplinary working, to improve access to care and treatment.

4 Achieving financial sustainability remains a major challenge for NHS boards. There have been increases in predicted deficits and additional financial support provided by the Scottish Government, and a continued reliance on one-off savings. Capital funding from the Scottish Government has decreased by 63 per cent over the last decade and the level of backlog maintenance remains high, at £914 million. High-profile, newly-built hospitals have come under significant scrutiny because of health and safety concerns.

5 The ambitions within the Scottish Government's 2020 Vision will not be achieved by 2020. The Scottish Government should work with NHS staff, partners and the public to develop its new strategy for health and social care. It should set out priorities that support large-scale, system-wide reform to increase the pace of change. Collaborative leadership is needed to focus on better partnership working, staff engagement and promoting positive workplace behaviours. Staff are at the heart of the NHS and it is vital that more is done to support them so that they can care for people in a safe, fulfilling and respectful environment.

Recommendations

The Scottish Government in partnership with NHS boards and integration authorities should:

- develop a new national health and social care strategy to run from 2020 that supports large-scale, system-wide reform, with clear priorities that identify the improvement activities most likely to achieve the reform needed

- develop and publish the national, integrated health and social care workforce plan and guidance, to inform future workforce planning

- improve the quality and availability of data and information, particularly in primary and community care. This will allow better performance monitoring, inform service redesign and improve care coordination by enhancing how patient information is shared across health and social care services

- incorporate the principles of the Community Empowerment Act within communication and engagement strategies.

The Scottish Government should:

- finalise and publish as a matter of urgency, the national capital investment strategy to ensure that capital funding is strategically prioritised

- report publicly on progress against the health and social care delivery plan. This should provide an update, and include measures of performance, on how services are being delivered differently to allow more people to be cared for closer to home

- develop a single annual staff survey that relates to behaviours, culture and staff experience, to identify areas for improvement and address behaviour that is contrary to NHS Scotland values.

The Scottish Government in partnership with NHS boards should:

- make sure that NHS boards' three-year plans are approved in time for the start of each financial year. The plans should be routinely managed and monitored and should include details of how boards intend to reduce their reliance on non-recurring savings

- ensure that the *NHS Scotland A Blueprint for Good Governance* is implemented in full and that areas for improvement are addressed, particularly around strengthening risk-management arrangements

- continue to monitor the effectiveness of the Scottish Government's NHS leadership development project and its impact on recruitment, retention and the support of senior healthcare leaders

- ensure that all NHS boards:

  – provide evidence that they actively promote positive workplace behaviours and encourage the reporting of bullying and harassment

  – have action plans in place to improve culture, address any issues identified and use the findings of the Sturrock review to inform their plans for cultural improvement.

Introduction

1. The NHS provides vital health services to the people of Scotland. People are living longer, many with chronic health conditions. There are greater expectations for the NHS to provide high-quality, timely and technologically advanced care. Pressures on the NHS in Scotland continue to be substantial and demand for services is at an all-time high. Between 2017/18 and 2018/19 the NHS in Scotland saw:

- an increase of 2.2 per cent in people waiting for outpatient appointments

- an increase of 2.8 per cent in Accident and Emergency Department (A&E) attendances

- an increase of 6.1 per cent in people waiting for inpatient appointments.

2. Wide-scale reform is necessary to address the increasing pressures on the NHS and reduce demand for acute services. The Scottish Government has had a long-term commitment to delivering care closer to home. To achieve this, the successful integration of health and social care is vital. Effective collaboration with community partners will support better planning, design and coordination of patient-focused care and services.

3. In 2018/19, the NHS in Scotland received £13.4 billion from the Scottish Government. This funding is needed to support the increasing cost of healthcare delivery and to meet national policy directives such as integration and reducing waiting times. *The Health and Social Care: Medium-Term Financial Framework* (MTFF), published in October 2018, sets out the reforms required to ensure the financial sustainability of the NHS in Scotland. Without reform the Scottish Government predicts that there will be an increase in spending across health and social care in Scotland to around £20.6 billion by 2023/24.

4. Despite the significant challenges, the NHS in Scotland has a committed workforce that continues to provide high-quality, safe care. There have been significant improvements in key patient safety indicators, such as mortality rates in hospital, and patients' experiences of healthcare has also improved.

5. This report provides an overview of the NHS in Scotland and the realities of delivering healthcare in Scotland. It draws on a wide range of intelligence, interviews and data, to help understand the context, challenges and performance. It sets out the financial performance of the NHS in 2018/19, and the financial outlook for 2019/20 and beyond. This includes the new approach to longer-term financial planning and the new MTFF, and progress towards achieving the objectives of the Health and Social Care Delivery Plan (HSCDP). We report on the workforce, leadership and culture, governance and performance against national targets.

Page 119

Part 1
How the NHS in Scotland is performing

Key messages

1 The NHS budget for 2018/19 was £13.4 billion, an increase of one per cent in real terms since 2017/18. Four NHS boards required a total of £65.7 million in additional financial support from the Scottish Government to break even. The NHS achieved £390.4 million in savings, less than one per cent below its target, but remains reliant on one-off savings. Fifty per cent of all savings were non-recurring.

2 The Scottish Government has started to put in place foundations to support financial sustainability. The introduction of new three-year financial and performance plans and break-even arrangements is an important step towards more effective longer-term planning.

3 The NHS in Scotland is facing growing pressures from population changes and increasing costs of delivering healthcare. NHS boards and the Scottish Government have implemented a range of initiatives to manage these pressures. Some progress has been made. For example, spending on drugs has stabilised.

4 The NHS capital budget decreased by 63 per cent over the last decade. The level of backlog maintenance remains high, at £914 million, with nine per cent being classified as high risk. High-profile new builds have come under significant scrutiny because of health and safety concerns.

5 Patient safety is continuing to improve, with a significant reduction in hospital mortality rates. People's experience of hospital care is also improving. However, boards continue to struggle to meet key waiting times standards, with only two of eight national standards being met. But in seven of the eight standards, the number of people that were seen and treated on time increased. The Scottish Government has introduced several initiatives to improve access to care, such as the *Waiting Times Improvement Plan* (WTIP).

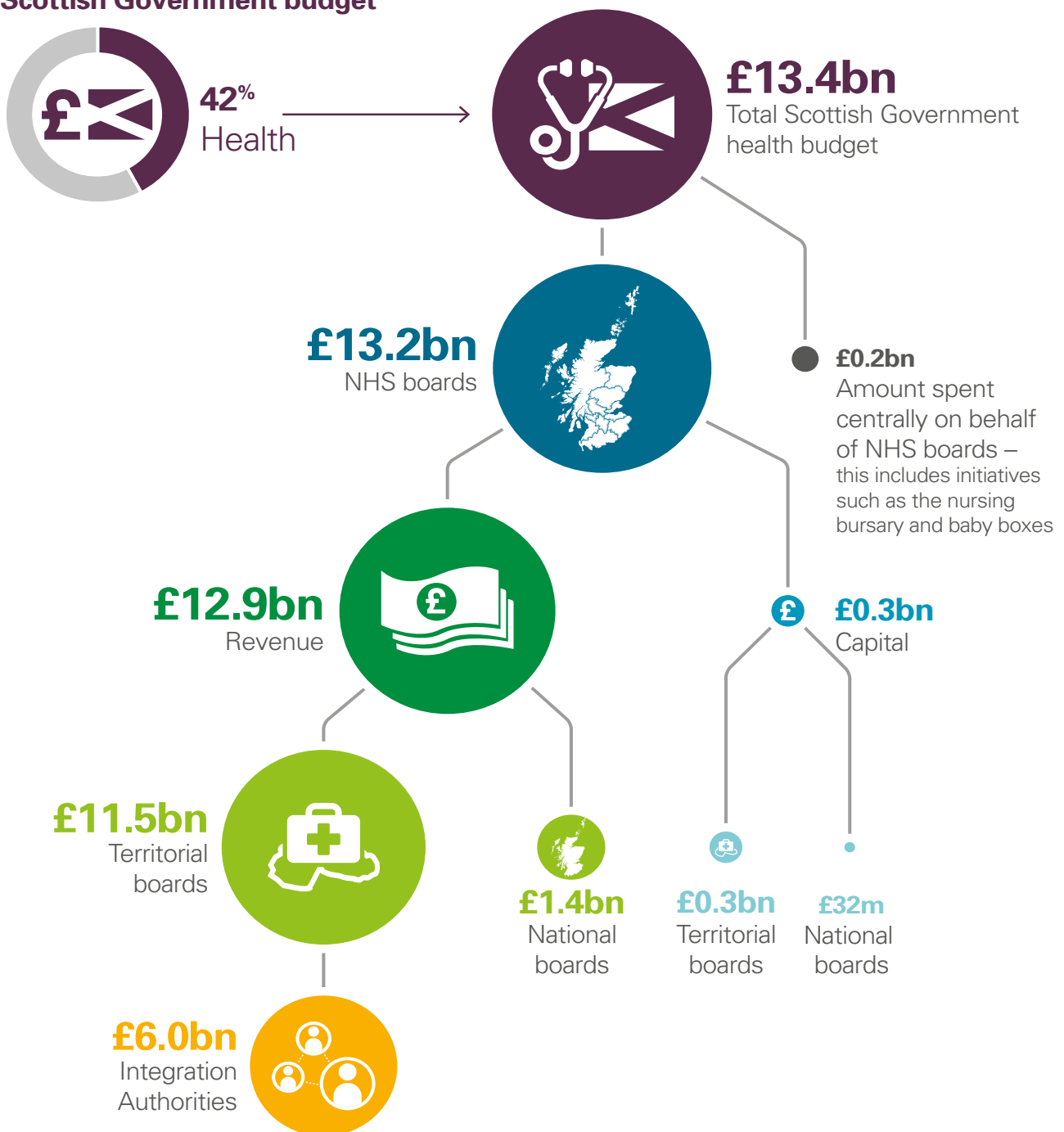### The NHS is starting to address some of its financial pressures, but major risks remain

6. In *NHS in Scotland 2018* ⓓ, we reported that the NHS was not in a financially sustainable position. This meant that it was unlikely to be able to continue delivering services effectively or change how services are delivered with the available resources. NHS boards continue to struggle with financial pressures, which makes it harder to reform the health and social care system.

Page 120

7. The Scottish Government health budget in 2018/19 was £13.4 billion. This was one per cent higher than the previous year, taking inflation into account. Of this, the amount allocated to NHS boards was £13.2 billion. The total revenue budget, for day-to-day spending, allocated to NHS boards was £12.9 billion. This has increased by 0.6 per cent in real terms since 2017/18 (Exhibit 1).

Exhibit 1
A breakdown of NHS funding in 2018/19

Scottish Government budget

42% Health

£13.4bn
Total Scottish Government health budget

£13.2bn
NHS boards

£0.2bn
Amount spent centrally on behalf of NHS boards – this includes initiatives such as the nursing bursary and baby boxes

£12.9bn
Revenue

£0.3bn
Capital

£11.5bn
Territorial boards

£1.4bn
National boards

£0.3bn
Territorial boards

£32m
National boards

£6.0bn
Integration Authorities

Source: Audit Scotland using NHS Consolidated Accounts

Page 121

8. Health accounted for 42 per cent of the Scottish Government's budget in 2018/19. NHS boards delegate a significant proportion of their budgets to Integration Authorities (IAs) to fund health services such as primary and community care. In 2018/19, territorial boards delegated £6 billion to IAs, 52 per cent of their budget.

9. Over the last ten years, the health budget has increased by six per cent in real terms. Most of this increase has been in the last five years, with an increase of 5.8 per cent (Exhibit 2). Funding per head of population has increased at a slower rate. In 2018/19, health funding in Scotland was £2,471 per person. This compares to £2,424 in 2009/10, a two per cent increase in real terms.[1]

10. The Scottish Government's draft budget for 2019/20 states that health funding will increase to £14.2 billion, an increase of 5.4 per cent in cash terms. Revenue funding is planned to increase by 5.6 per cent and capital funding is set to decrease by 1.5 per cent in cash terms.[2]

Exhibit 2
Health funding trend since 2009/10
Health funding has increased in both real terms and cash terms since 2009/10.
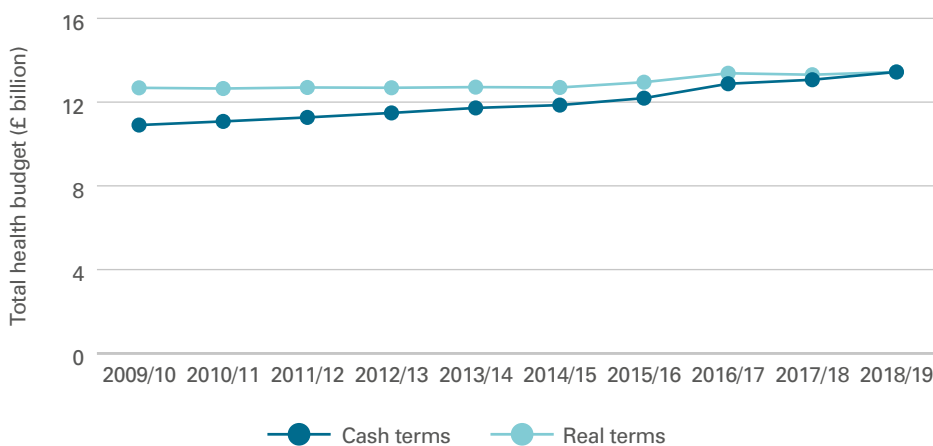
Source: Scottish Government budgets

Without ongoing reform, there could be a rise in spending across health and social care services to around £20.6 billion by 2023/24

11. Last year, we reported that the publication of the MTFF aimed to better address the financial challenges of integrating the delivery of health and social care services. The framework acknowledges that there will be increases in demand for services, workforce pay and the cost of delivering healthcare services. It predicts that without reform there will be a £1.8 billion shortfall in the projected funding of £18.8 billion by 2023/24.[3]

12. In 2016, the Scottish Government published its five-year **HSCDP** ⓘ. It set some ambitious targets intended to drive the integration of health and social care across the NHS in Scotland to help achieve the 2020 Vision.[4] Last year, we recommended that the Scottish Government should publish a report on progress

ⓘ

Exhibit 13

A timeline of major Scottish Government health and social care policies and publications
(page 31)

against the HSCDP. This has not yet been published and we recommend the Scottish Government do so as soon as possible. Further work is required to achieve the reform needed across health and social care. This work will not be completed in time to achieve the 2020 Vision.

13. NHS boards delegate funding to IAs for certain health services. This funding has increased each year since 2016/17, when IAs were established. In 2018/19, NHS territorial boards delegated 52 per cent of their budgets to IAs. This represents a 4.1 per cent increase in real terms from 2016/17.[5] IAs aim to shift spending and services from hospitals to community and social care. There is little evidence to date that this is happening.

At the beginning of 2018/19 the number of boards predicting a year-end deficit increased

14. Last year, we reported that the number of boards predicting year-end deficits had increased. These boards needed to make additional savings to offset any predicted overspend against their budget. There is a risk that boards will be unable to break even and will require additional financial support from the Scottish Government:

- In 2015/16, all territorial NHS boards predicted that they would break even or record a surplus by the end of the year.

- By 2016/17, three territorial boards predicted a year-end deficit, which increased to seven in 2017/18 and nine in 2018/19.

- The number of boards that required additional financial support from the Scottish Government, to break even at year end, were: one (2016/17), three (2017/18) and four (2018/19).

- The size of the predicted deficit also increased for 2018/19, from £99 million to £150 million, but decreased to £116 million for 2019/20. For 2021/22, however, the deficit is predicted to be significantly larger, at £207 million. Most of this deficit relates to NHS Lothian, which predicts a deficit of almost £90 million, and NHS Greater Glasgow and Clyde, which predicts a deficit of £61.5 million.[6]

The NHS in Scotland met its financial targets in 2018/19, but required £65.7 million in additional financial support from the Scottish Government to achieve this

15. In 2018/19, all NHS boards broke even, staying within the limits of their revenue and capital budgets, and delivered a surplus of £4.6 million.[7] However, this was only possible because four boards received additional financial support from the Scottish Government, totalling £65.7 million.[8] This was an increase from £50.7 million in 2017/18, but was £8.8 million lower than initially forecast. The four boards that required additional support were:

- NHS Ayrshire and Arran – £20 million

- NHS Borders – £10.1 million

- NHS Highland – £18 million

- NHS Tayside – £17.6 million.

16. The Scottish Government announced that territorial boards would not have to repay any outstanding loans owed at the end of 2018/19. This totalled almost £150 million.[9] It is unclear what the Scottish Government's approach will be if boards require additional financial support in future years.

The NHS almost achieved its savings target for 2018/19, but remains reliant on one-off savings

17. In 2018/19, the NHS achieved £390.4 million in savings. This was 0.3 per cent below its savings target of £391.1 million. This was a significant improvement compared with the previous year, when it achieved savings seven per cent below its target of £480.8 million. Exhibit 3 shows the savings achieved against targets for all NHS boards.

Exhibit 3
Savings achieved against targets in 2018/19
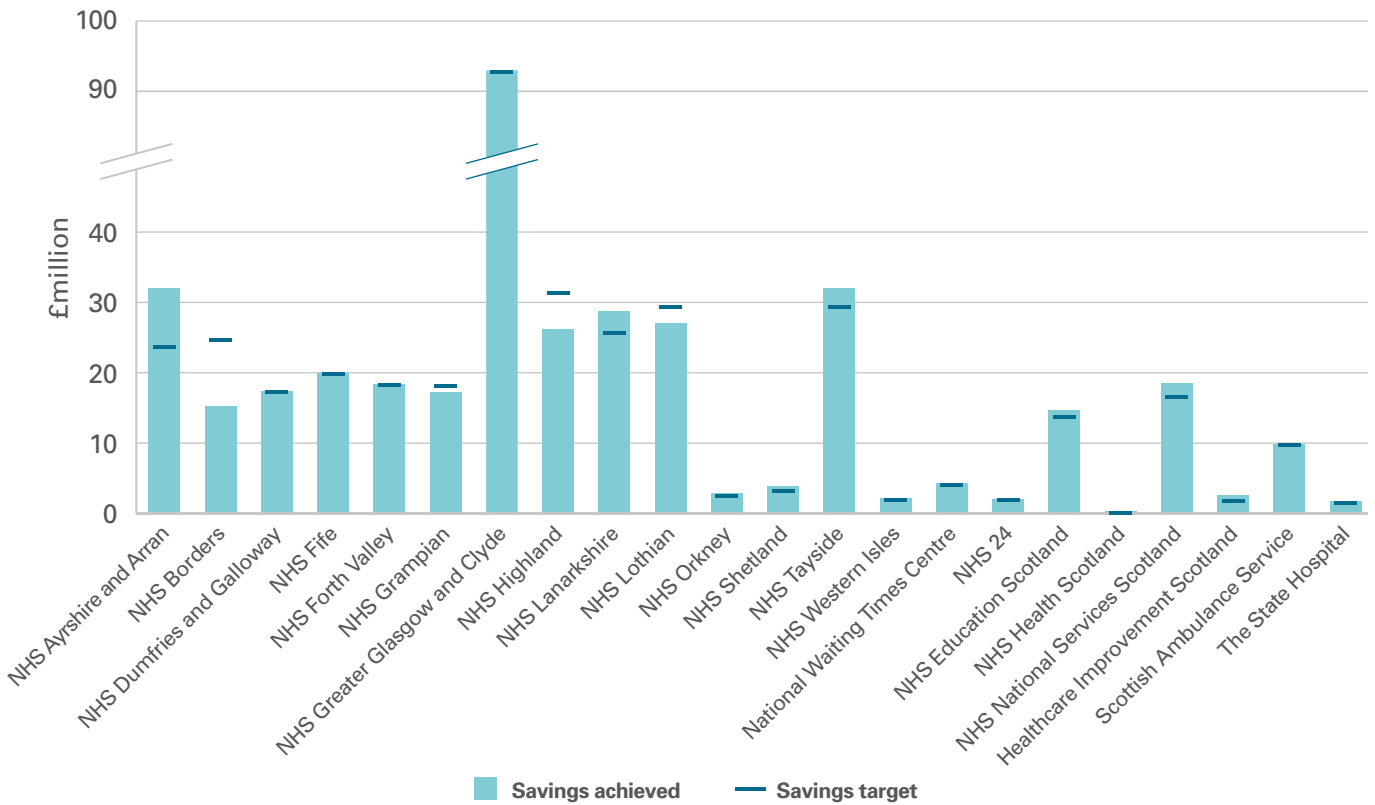
Source: NHS boards' annual audit reports and financial performance reports, 2019

18. In 2018/19, 50 per cent of all savings were non-recurring, up from 35 per cent in 2016/17. Non-recurring savings are not sustainable. They can improve a board's in-year financial position, but they do not reduce the cost of running the organisation and cannot necessarily be repeated in subsequent years. An example of a non-recurring saving is delaying recruitment for a vacant position. Recurring savings can be made in one year and can continue to save money in future years, for example by changing the way a service is delivered, to become more efficient. Boards varied significantly in their reliance on non-recurring savings, with territorial boards being more reliant than national boards (Exhibit 4, page 13).

Exhibit 4
The percentage of savings achieved that were non-recurring in 2018/19
Boards varied significantly in their reliance on non-recurring savings.
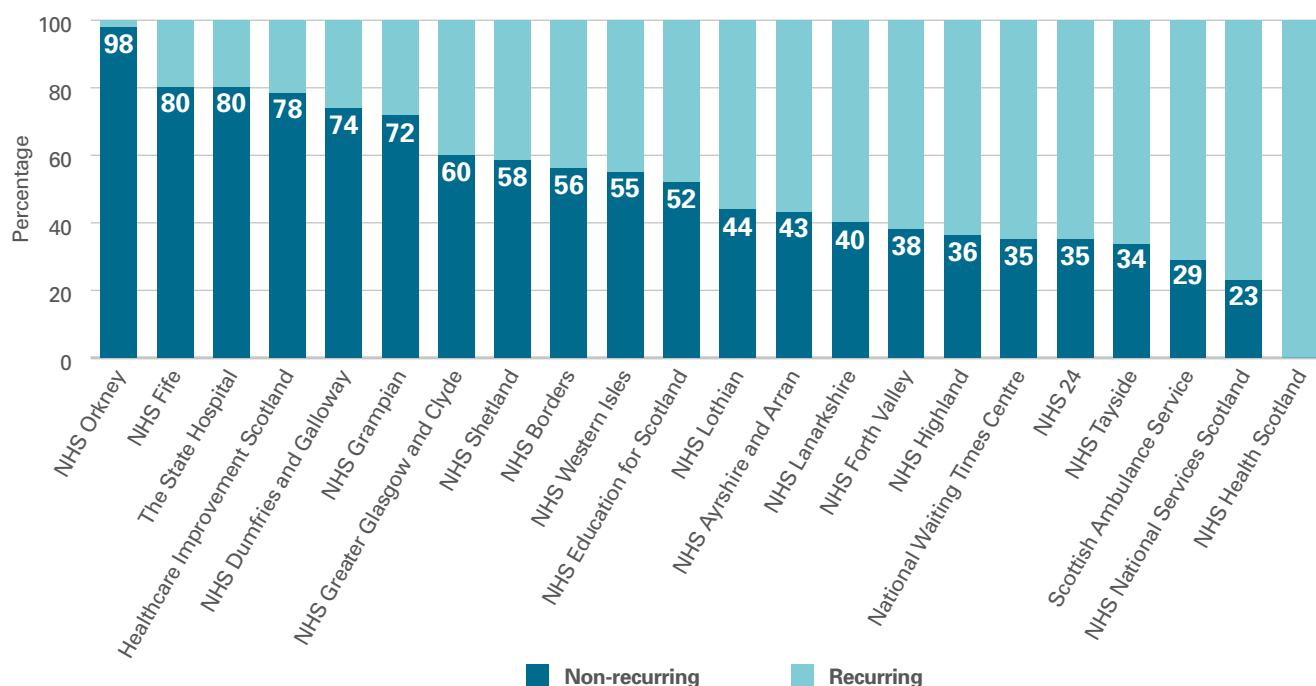
Source: Audit Scotland using annual audit reports and month-13 financial performance reports

The level of planned savings that are high risk has increased

19. In their annual plans for 2018/19, NHS boards categorised their planned savings as high, medium or low risk, depending on the likelihood that the savings would be realised. In 2018/19, the NHS in Scotland classified their planned savings as follows:

- 32.0 per cent as high risk

- 28.5 per cent as medium risk

- 39.5 per cent as low risk.

20. The proportion of high-risk savings was significantly higher in 2018/19 than in previous years (13.1 per cent in 2017/18). There was wide variation among boards. For example, NHS Greater Glasgow and Clyde classified all its planned savings as high risk, which had a significant impact on the total proportion of savings classified as high risk.

21. However, NHS boards vary in how they assess savings. For example, only some boards include unidentified savings as high risk. To improve transparency and consistency, NHS boards should ensure that any unidentified savings are classified as high risk.

**Boards were able to better identify where future savings will come from**

22. There was a significant improvement in the proportion of unidentified savings in boards' plans for 2018/19. Last year, boards were unable to identify where 28 per cent of planned savings would come from. This year, nine per cent of required savings were not yet identified in boards' plans, a reduction of 19 percentage points .

Page 125

Exhibit 5
Trends in unidentified planned savings, 2013/14 to 2018/19
The level of unidentified savings in all boards' plans decreased significantly in 2018/19.
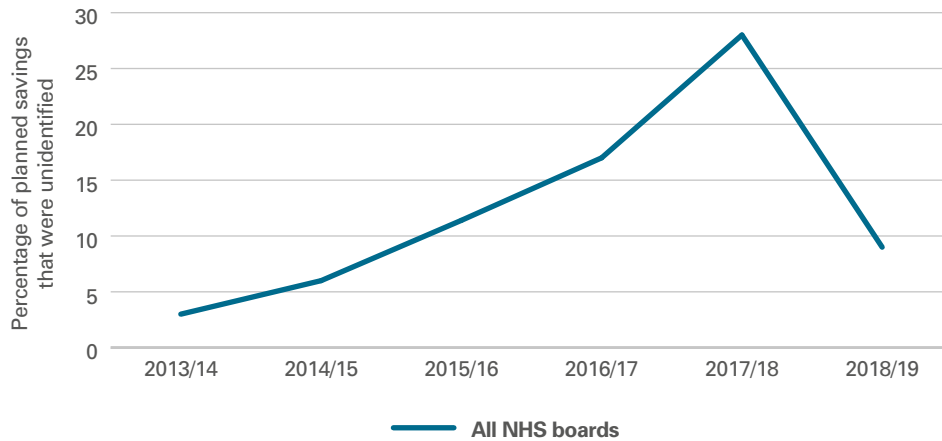
Source: Audit Scotland using NHS boards' local delivery plans/annual operational plans 2013/14 to 2018/19

The Scottish Government has started to put in place the foundations to support financial sustainability

23. In October 2018, the Scottish Government published its MTFF. This was an important step towards supporting improvements to achieve financial sustainability of the NHS in Scotland. It outlines the scale of the financial challenges ahead and acknowledges that reform is necessary if the NHS is to be sustainable.

24. The MTFF sets out the activities required to support the reform needed. It also sets out the intention to invest more in primary, community and social care. The aim is for approximately 50 per cent of savings released from the hospital sector to be redirected to these areas through:

- increases in efficiency savings

- reductions in attendances at A&E, and the numbers of inpatients and outpatients

- regional working and public health prevention strategies.

25. Alongside the publication of the MTFF, the Scottish Government announced that boards will no longer be required to break even at the end of each financial year. Instead, they will be required to break even over a three-year period. This should provide greater flexibility in planning and investing over the medium to longer term.

26. NHS boards were required to produce three-year financial plans for the first time for 2019/20. This is an important step towards the NHS developing more effective longer-term planning. The Scottish Government developed guidance with boards to support the development of these plans, but this was not released until late February 2019. This gave them limited time to develop plans before the start of the financial year in April, and some were not approved until August 2019.

27. The Scottish Government held briefing sessions for boards during September 2019 and intends to release guidance in December 2019, to support them in developing next year's plans. In the first year of this new approach to financial planning, most boards included some information for the next three years, but the level of detail provided varied. Some boards, including NHS Borders and NHS Lanarkshire, did not include full details for all three years.

28. We expect the level of detail in boards' financial plans to improve next year, following the release of further guidance by the Scottish Government. The Scottish Government and NHS boards should work together to make sure that plans are in place and approved in time for the start of each financial year.

Five boards are receiving external support because they are struggling to meet financial and performance targets

29. The Scottish Government has a five-stage escalation process to provide boards with additional support when they are unable to meet financial or performance targets. Most boards are at stage one, which means that they are deemed to be performing steadily and are reporting normally. Stage five means that the Scottish Government deems that a board's organisational structure is unable to deliver effective care. Case study 1 and Case study 2 (page 16) describe the external support being provided to help two boards achieve financial balance. At October 2019, no boards were at stage five, but **five boards were at stage three or four** ⓘ.

> *i*
>
> **Escalation at October 2019:**
>
> **Stage three:**
> – NHS Ayrshire and Arran
> – NHS Lothian
>
> **Stage four:**
> – NHS Borders
> – NHS Highland
> – NHS Tayside

Case study 1

NHS Borders receives external support to help it achieve financial balance

In November 2018, NHS Borders moved to escalation stage four in the Scottish Government's performance escalation framework. Boards at stage four face a significant risk to service delivery, quality, financial performance or safety, and senior-level external support is required.

In 2018/19, the board was unable to achieve financial balance and needed £10.1 million in additional financial support from the Scottish Government to break even. This was mainly to alleviate cost pressures at the Borders General Hospital and offset efficiency savings that were not achieved.

The Scottish Government Health and Social Care Directorate Board Recovery Team has been providing support since December 2018. NHS Borders created a new Financial Turnaround Programme to replace its previous transformation programme. The programme aims to achieve a more sustainable improvement in the board's finances. The Financial Turnaround Programme is in its early stage, and its success will depend on the pace of change and the resources made available.

The board has also developed a new project management office (PMO) structure. In the short term, the PMO director will be supported by a turnaround team with experience of successfully delivering similar financial recovery programmes elsewhere.

Source: Audit Scotland, 2019

Page 127

Case study 2

NHS Ayrshire and Arran is further developing its improvement plan

In October 2018, the Auditor General published a report to draw Parliament's attention to the scale of the challenge that NHS Ayrshire and Arran was facing in meeting its financial targets. The report concluded that some of the cost pressures were not wholly within the control of the board, such as pay increases and the apprenticeship levy. However, the board's operating costs remained too high.

In 2017/18, PwC reviewed NHS Ayrshire and Arran's Transformational Change Improvement Plan (TCIP). It found that the TCIP was not substantial enough to achieve long-term financial sustainability and that greater transformational change would be required. During 2018/19, the PMO strengthened the governance and oversight of the TCIP. The board's internal auditors concluded that this provided only a partial level of assurance for the board and made several recommendations. These focused on improving governance for the implementation of the plan and a better understanding of dependencies between specific projects. Progress is reported regularly to the Corporate Management Team and the Performance Governance Committee.

In 2018/19, the board needed to make savings of £23.8 million. To support this, 143 improvement initiatives were identified. These initiatives achieved recurring savings of £18.4 million. This was £3.7 million more than in 2017/18. The board achieved £32 million of savings in total. Work will continue to implement the recommendations of the internal audit review, to improve the success of the TCIP in achieving recurring savings.

Source: Deloitte, 2019

Capital funding from the Scottish Government has decreased by 63 per cent over the last decade, and there are signs of strain

30. The NHS capital budget, that is, money for new buildings and equipment, can fluctuate as new projects are approved or completed. There has been a trend of reducing funding over the last decade. In 2018/19, capital funding from the Scottish Government was £334 million, a reduction of 63 per cent in real terms since 2009/10 (Exhibit 6, page 17).

31. Demand for capital funding outweighs what is available for the next two years. This will limit boards' ability to invest in their infrastructure. The Scottish Government is prioritising several infrastructure investments over the next two years. These include:

- an elective centres programme to create additional procedural and diagnostic capacity across Scotland[10]

- the new Baird Family Hospital and the Anchor Centre at Foresterhill Campus in Aberdeen

- new community hospitals in Aviemore and Broadford

- the replacement of St Brendan's Hospital, Barra, with a new health and social care hub.

32. NHS boards can use their revenue budget, which is allocated for day-to-day spending, to support additional capital investment. One way of doing this is to enter into contracts where the private sector finances the initial construction costs for the buildings and maintains them for a specific period, usually 25-30 years. NHS boards make annual payments from their revenue budgets for the length of the contract. Investment in these types of projects across the public sector in Scotland will be covered in more detail in our upcoming report on revenue funding of assets.

Exhibit 6
Capital funding from the Scottish Government since 2009/10
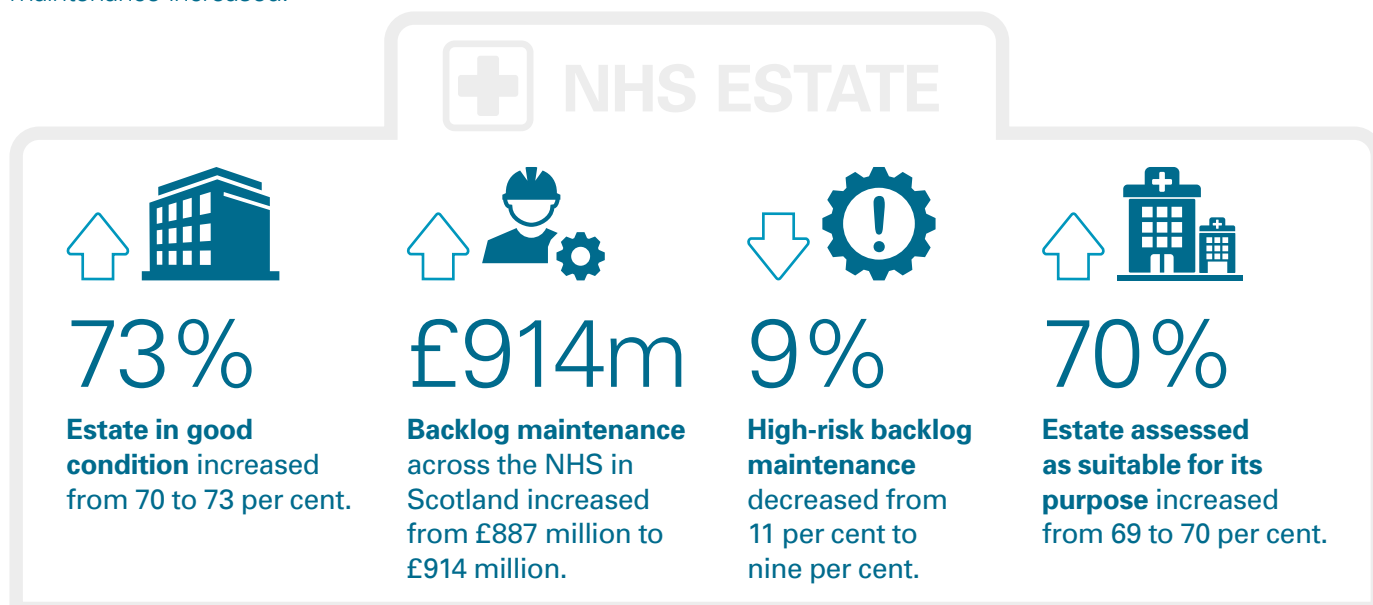Capital funding has decreased in real terms.
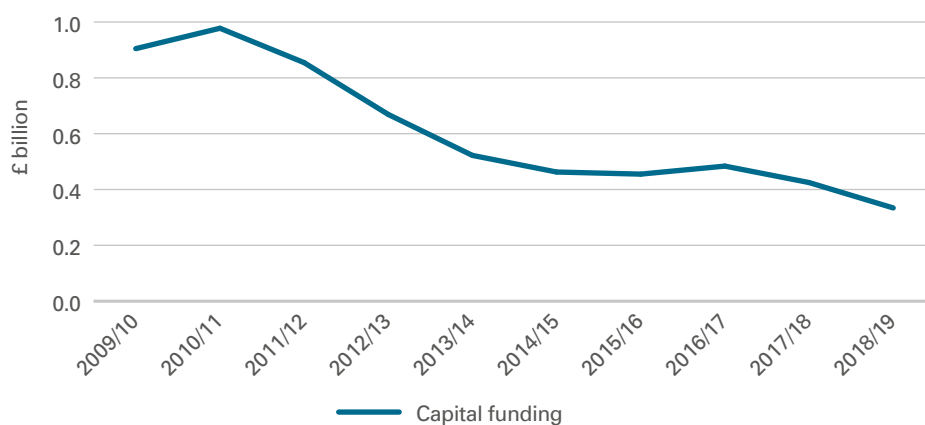
Source: Audit Scotland using NHS Consolidated Accounts

33. The condition of the NHS estate has improved, but there is still a significant maintenance backlog (Exhibit 7). Nine per cent of the backlog is classified as high risk, the majority of which (55 per cent) relates to electrical work required at Ninewells hospital in NHS Tayside. The Scottish Government has committed to fund the work required to resolve this. As recommended in *NHS in Scotland 2018* ⊕, the Scottish Government has been developing a national capital investment strategy to ensure that capital funding is strategically prioritised. This strategy should be finalised and published as a matter of urgency.

Exhibit 7
The condition of the NHS estate 2016 to 2018
The condition of the NHS estate has improved slightly over the last three years, but the level of backlog maintenance increased.

73%
Estate in good condition increased from 70 to 73 per cent.

£914m
Backlog maintenance across the NHS in Scotland increased from £887 million to £914 million.

9%
High-risk backlog maintenance decreased from 11 per cent to nine per cent.

70%
Estate assessed as suitable for its purpose increased from 69 to 70 per cent.

Source: Scottish Government, 2019

Major capital projects face significant challenges

34. New hospitals have recently been built in Glasgow and Edinburgh. These major new-build projects have come under considerable scrutiny as a result of significant health and safety concerns (Case study 3 and Case study 4, page 18). In September 2019, the Scottish Government committed to carrying out a public inquiry into the issues at the Queen Elizabeth University Hospital in Glasgow and the Royal Hospital for Children and Young People in Edinburgh. The inquiry will look at how the problems with the ventilation systems happened, and what steps can be taken to prevent these problems in future. It is essential that the Scottish Government and NHS boards learn from these projects when planning new healthcare facilities.

35. Delays in opening a new healthcare facility can mean that an older site must be operational for longer than expected. This can result in additional expenditure to make sure that the older site remains fit for purpose for longer. In these circumstances, the relevant NHS board and the Scottish Government should provide assurance that any risks to patient and staff safety have been addressed.

Case study 3

Queen Elizabeth University Hospital, Glasgow

In January 2019, Healthcare Improvement Scotland carried out an unannounced inspection of the Queen Elizabeth University Hospital, including the Institute of Neurosciences and the Royal Hospital for Children. The focus of the inspection was infection control, specifically considering the following standards:

- leadership in the prevention and control of infection

- infection prevention and control policies, procedures and guidance

- decontamination.

The inspection report published in March 2019 included 14 requirements and one recommendation. Nine of these were classed as urgent and had to be implemented within one week. The board developed an improvement plan to address the inspection findings.

The Cabinet Secretary for Health and Sport has also commissioned an independent review of the Queen Elizabeth University Hospital. As well as covering the infection control issues, this review will consider:

- the design of buildings

- the process for commissioning and constructing new healthcare facilities

- the scale of health problems acquired from the healthcare environment

- wider implications for healthcare facilities across Scotland.

The independent review is in its early stages. Two chairs have been appointed, and the terms of reference are under development. There is no timescale for the review to be completed or published.

Source: *Unnanounced Inspection Report – Safety and Cleanliness of Hospitals, Queen Elizabeth University Hospital (including Institute of Neurosciences and Royal Hospital for Children)*, Healthcare Improvement Scotland, 2019; Scottish Government, 2019

Case study 4

Royal Hospital for Children and Young People, Edinburgh

The opening of the new Royal Hospital for Children and Young People (RHCYP) in Edinburgh was delayed after final safety checks of the building found that the ventilation system in the critical care department did not meet national standards.

NHS National Services Scotland (NSS) reviewed all buildings systems in the new hospital that could have health and safety implications for patients and staff. The review assessed the water, ventilation and drainage systems and set out a timeframe for the opening of the hospital. NSS will also assess all current and recently completed new-builds and major refurbishments, to provide assurance that they comply with national standards.

KPMG carried out an independent review of the governance arrangements for the RHCYP. It identified the factors that led to the decision to delay the move to the new hospital, including communication and timescales. It found that a document produced by NHS Lothian during the tender stage of the project in 2012 was inconsistent with guidance, and that opportunities to rectify the error were missed. It also found that there was confusion over the interpretation of technical guidance and standards.

The Scottish Government has asked NHS Lothian to develop a recovery plan with clear milestones and responsibilities. The Cabinet Secretary for Health and Sport also announced that a package of tailored support measures would be made available to the board to support improvements.

Source: Scottish Government, 2019; *Review of: water, ventilation, drainage and plumbing systems*, NHS National Services Scotland, 2019; *Independent assessment of governance arrangements*, NHS National Services Scotland and KPMG, 2019

The NHS in Scotland is facing significant pressures from population changes and increasing demand for services

36. Certain factors, such as demographic changes, rurality and deprivation, can affect demand for services and can make it more costly for boards to deliver services. The Scottish Government uses a formula developed by the NHS Scotland Resource Allocation Committee (NRAC) to assess how much funding each board should be allocated. The NRAC formula considers the demographics of each board area, including population size, deprivation levels and unavoidable geographical variations in the cost of providing services.

37. In 2018/19, all NHS boards received allocations within 0.8 per cent of what the NRAC formula determined they should receive, known as parity.[11] This was an improvement from the previous year, where all boards received allocations within one per cent of parity. This required an additional £30 million investment. To maintain this position for 2019/20, £23 million additional investment was required.[12]

38. NHS Highland was the only board to move slightly further from parity in 2018/19, moving from 0.7 per cent below parity in 2017/18 to 0.8 per cent. NHS Western Isles has historically received an allocation that was significantly above parity; in 2018/19, it was 11.3 per cent above.

39. In 2018/19, demand for hospital care continued to grow with increases in attendances at A&E and the number of people waiting for inpatient and outpatient appointments. At the same time, more people were admitted to hospital for both emergency and planned care, and on average, their stay in hospital was slightly shorter than in 2017/18. The average length of stay in hospital reduced from 6.2 days in 2017/18 to 6.0 days in 2018/19, despite increases in delayed

discharges. Fewer operations were cancelled and there was a small increase in the number of outpatient appointments held, following significant decreases in 2017/18. Exhibit 8 (page 21) shows national trends across selected indicators of demand and activity for acute services in 2018/19. The quality and availability of health and social care data need to improve. This will help boards better understand the reasons for trends in demand and activity and how to make best use of existing capacity.

40. We have consistently reported the lack of data and information available to measure performance and outcomes, especially in primary and community care. It is crucial that this is addressed as a matter of urgency. The establishment of Public Health Scotland is another opportunity to provide boards with more useful data from across the health and social care system. This will allow NHS boards and IAs to make informed decisions when planning and designing services.

41. The Scottish Government has committed to increasing investment in primary care by £500 million by 2021/22. This should provide at least £1.28 billion by 2021/22 to support the new GP contract and primary care reform. This aims to free up capacity in acute hospitals to reduce waiting times and improve access to services. In addition, a whole-system partnership programme to reform adult social care started in June 2019. This work is being carried out in partnership with people with lived experience of social care, unpaid carers and people who deliver the services. The programme aims to create additional capacity in the community to better meet the needs of people, their carers and the workforce.

Boards continue to struggle to achieve key national standards
42. The NHS in Scotland met two of the eight key national waiting times standards in 2018/19 (Exhibit 9, page 22). This is a small improvement from 2017/18, when the NHS met only the drug and alcohol waiting times standard. The standards that were met were:
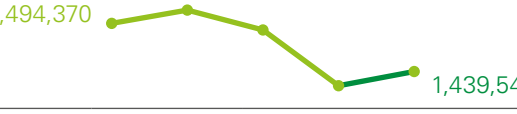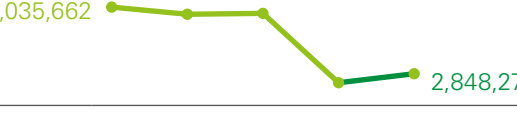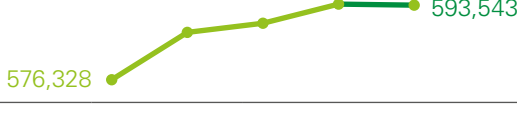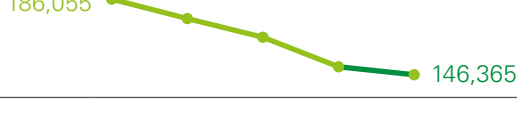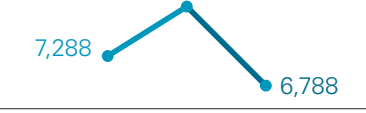
- patients starting cancer treatment within 31 days (decision to treatment)

- drug and alcohol patients seen within three weeks.

43. National performance declined for six out of the eight standards in 2018/19. Performance improved for outpatients waiting less than 12 weeks following first referral and for patients starting cancer treatment within 31 days of the decision to treat. Appendix 1 (page 42) shows performance against the national standards by NHS board for 2018/19, including the percentage change since the previous year and over the last five years.

44. It is important to acknowledge the impact of rising demand on waiting times. In 2018/19, the number of people seen on time increased for seven of the eight standards. This means that the waiting times targets were met for more people in 2018/19 than in 2017/18. However, demand for services increased at a higher rate, so the percentage of people for whom the targets were met declined.

Exhibit 8
National trends in demand and activity for acute services in 2018/19

Demand	Trend 2014/15 – 2018/19		Change since 2017/18
Number waiting for outpatient appointment	255,061 → 311,503	↑ 22.1% since 2014/15	↑ 2.2%
Number waiting for inpatient appointment	55,973 → 76,832	↑ 37.3% since 2014/15	↑ 6.1%
A&E attendances	1,639,991 → 1,691,952	↑ 3.2% since 2014/15	↑ 2.8%
Activity			
New outpatient attendances	1,494,370 → 1,439,545	↓ 3.7% since 2014/15	↑ 1.1%
Return outpatient attendances	3,035,662 → 2,848,272	↓ 6.2% since 2014/15	↑ 0.9%
Emergency admissions	576,328 → 593,543	↑ 3.0% since 2014/15	→ 0.0%
Daycase admissions	460,571 → 466,817	↑ 1.4% since 2014/15	↑ 2.4%
Elective admissions	186,055 → 146,365	↓ 21.3% since 2014/15	↓ -2.8%
Number of procedures	1,465,847 → 1,440,249	↓ 1.7% since 2014/15	→ 0.0%
Trend 2016/17 – 2018/19			
Cancelled planned operations	7,288 → 6,788	↓ 6.9% since 2016/17	↓ -16.4%
Bed days occupied by delayed discharges	408,351 → 420,157	↑ 2.9% since 2016/17	↑ 9.0%

Note: 'Number waiting for outpatient appointment' and 'Number waiting for inpatient appointment' refer to the number of patients on the waiting list at the end of March in each year. 'Cancelled planned operations' refer to operations that have been cancelled for capacity or non-clinical reasons. The definition of bed days occupied by delayed discharges changed in June 2016, so the 2016/17 figure has been adjusted for comparability with subsequent years.

Source: Accident & Emergency Activity and Waiting Times Statistics, ISD Scotland, September 2019; Number on inpatient waiting list, ISD Scotland, August 2019; Number on new outpatient waiting list, ISD Scotland, August 2019; Cancelled planned operations, ISD Scotland, September 2019; Bed days occupied by delayed discharges, ISD Scotland, September 2019; Annual acute hospital activity and hospital beds, ISD Scotland, September 2019

Exhibit 9

NHS Scotland performance against key national waiting times standards, 2017/18 to 2018/19

NHS Scotland met two of the eight waiting times standards in 2018/19.

Performance %

Measure	2017/18	2018/19	Standard

Measure	Performance	Change in the number of people seen on time 2017/18–18/19 — Number of people seen on time 2018/19
⊘ **Standard met**	0 20 40 60 80 100	
📅 18 weeks referral to treatment time		↑ **0.8%** 👤944,630
A&E attendees seen within 4 hours		↑ **1.8%** 👤1,543,558
CAMHS patients seen within 18 weeks		↑ **8.7%** 👤12,504
Day case or inpatients who waited less than 12 weeks for treatment		↓ **-8.1%** 👤202,994
⊘ **Drug and alcohol patients seen within 3 weeks**		↑ **2.5%** 👤42,323
Outpatients waiting less than 12 weeks following first referral		↑ **3.3%** 👤237,029
⊘ **Patients starting cancer treatment within 31 days** (decision to treatment)		↑ **7.2%** 👤23,815
Patients starting cancer treatment within 62 days (referral to treatment)		↑ **4.0%** 👤12,312

Note: Figures are annual aggregated performance figures for all standards, apart from 'Outpatients waiting less than 12 weeks following first referral' (census date at 31 March 2018 and 31 March 2019). CAMHS = child and adolescent mental health services.

Source: See Appendix 3 for sources

Page 134

The Scottish Government and NHS boards have recently introduced initiatives that aim to improve access to care

45. The Scottish Government has been working to improve waiting times and, in October 2018, introduced the WTIP.[13] The Scottish Government is investing more than £850 million over two and a half years. Of this, £535 million will be spent on frontline services and £320 million on capital projects.

46. As part of the WTIP, the Scottish Government introduced new monitoring arrangements for NHS boards that require them to report quarterly on their performance. This enables the Scottish Government to hold boards to account and to provide additional support to those that are not on track to meet their phased improvement goals. So far, £102 million of WTIP funding has been allocated for 2019/20. It is too soon to assess whether this additional funding will help boards to meet the phased improvement goals set out in the WTIP.

47. The Scottish Government has also developed a national independent-sector contract to provide additional capacity and reduce waiting times. This contract is designed to cap private-sector charges for treatment. It is planned to be used as a short-term measure, while elective centres are being set up.

48. The National Theatre Productivity Group is a collaboration between the National Waiting Times Centre (NWTC) and some NHS territorial boards. They are working together to share good practice and introduce new ways of working, to improve efficiency and reduce waiting times. At a recent event, the Golden Jubilee Hospital shared information about an initiative to reduce patient waiting times for cataract surgery. This work focused on improving theatre use by calling patients from a pre-assessment clinic to fill late cancellations. NWTC reported that on average, around 18 per cent of patients who cancelled late were replaced with other patients. There has been very positive feedback from patients. This is a model that has clinical support, has been approved by the General Medical Council and has the potential to be tested in other specialties.

Inpatients' experiences of care and patient safety are improving

49. In 2018, the Scottish Government published its report on a survey of inpatients' experiences of quality of care.[14] It showed that 86 per cent of inpatients had a positive experience of care, an improvement of two percentage points since 2016. There was a consistent picture of positive experience in many areas.

50. Results in relation to arrangements for leaving hospital remained consistent, with 78 per cent of inpatients rating this experience as good or excellent. Only 30 per cent of people reported being delayed on the day of leaving hospital, an improvement of nine percentage points since 2016. The most common reason for such delays continued to be waiting for medications.

Patient safety is improving across a range of measures

51. Despite the financial and demand challenges, staff are working hard across all health and social care settings to provide safe, high-quality care. Recently published data on the NHS Performs website shows improvement across a range of indicators over the past ten years. The Scottish Patient Safety Programme, established in 2008, has successfully improved patient safety.[15] This programme has contributed to the following significant reductions:

- Post-surgical mortality rates have decreased by 36.6 per cent since 2008, following the introduction of the World Health Organization Surgical Safety Checklist.[16] The checklist promotes a culture of teamwork and communication in operating theatres, helping to improve surgical care and safety.

- The number of deaths from sepsis has been reduced by introducing a structured response to, and treatment of, sepsis. Since its launch in 2012, the sepsis programme has contributed to a 21 per cent reduction in mortality rates.[17]

- The Hospital Standardised Mortality Ratio for Scotland has decreased by 14 per cent since 2014 because of improvements in the recognition of, and response to, acutely unwell patients. This means that the number of recorded deaths decreased compared to the number of deaths predicted.

52. In November 2016, the Scottish Ambulance Service (SAS) introduced a new system to prioritise patients. To create the system, over half a million 999 incidents were reviewed to determine what factors had the biggest impact on patient outcomes. This new system better prioritised incidents and matched the timing and type of ambulance response to the needs of the patient. In its first year of operation, there was a 43 per cent improvement in 30-day survival rates for patients in the most urgent category.

53. Minimising healthcare associated infections is a priority for the NHS. It has achieved consistent improvement in two key measures – Clostridium difficile (C. diff) infection rate and meticillin-resistant Staphylococcus aureus (MRSA)-associated bacteraemia rate. Between 2014 and 2018, a decreasing year-on-year trend has been seen in the incidence rate of:

- C. diff, which has decreased by 7.5 per cent in patients 15 years and older

- MRSA, which has decreased by 17.1 per cent between 2014 and 2018.[18]

The amount spent on drugs stabilised in 2017/18

NHS boards and the Scottish Government have implemented a range of initiatives to manage prescription costs

54. The NHS in Scotland spent almost £1.8 billion on drugs in 2017/18, a reduction of 0.2 per cent in real terms since 2016/17 (Exhibit 10, page 25). Good progress continues to be made in the proportion of generic medicines prescribed. This increased from 83.9 per cent in 2017/18 to 84.3 per cent in 2018/19.[19] Generic medicine is usually cheaper, sometimes significantly, compared to branded medicine. Some initiatives that boards have been working on include:

- increasing the use of generic medicines in secondary care

- reducing the amount of drugs dispensed in primary care by more regularly reviewing the medicines that are being prescribed

- switching from high-cost drugs to cheaper alternatives that are chemically similar to the original drugs and close enough to achieve the same results. These are referred to as biosimilars.

Exhibit 10
Expenditure on drugs stabilised in real terms, in 2017/18

£1.8bn

Spent on drugs in 2017/18 by the NHS in Scotland

0.2% less in real terms than 2016/17

Changes in spending varied by board from:

⬇ 5% decrease for NHS Borders

⬆ 5.8% increase for NHS Western Isles

16.6%

Net expenditure in the NHS in 2017/18 was on drugs

0.1% less than in 2016/17

£1.3bn

Spent on drugs in community and family health services

0.6% less in real terms than in 2016/17

The amount spent on drugs in hospitals was £438.4 million

⬆ 0.9% increase since 2016/17

£45m

The Scottish Government, via the New Medicines Fund (NMF), provides additional funding to NHS boards to cover the costs of increasing access to some medicines for very rare conditions and end-of-life care.

£42 million in 2017/18

Source: R600: pharmacy – drugs expenditure, ISD Scotland cost book data, November 2018; Volume and Cost (NHS Scotland), ISD Scotland, July 2019; Scottish Government NHS allocations, March 2019

55. Ten boards have reduced their expenditure on drugs in real terms. An example of a successful approach for reducing drug expenditure is the three-year medicines' efficiency programme launched by NHS Fife in 2016. This has delivered £12 million in savings across health and social care services. The programme included three priorities. These were to restrict the list of medicines available for prescribing, to reduce medicines waste and to review more regularly the medicines that are being prescribed. NHS Grampian also reduced its prescribing budget by £3.5 million compared with last year, mainly through switching to biosimilars.

56. The Scottish Government effective prescribing team supported improvements to reduce costs including by:

- implementing electronic prompts for prescribers, to encourage them to use generic medicines and lower-cost alternatives

- emphasising the importance of carrying out medicines reviews, to safely reduce the number of medications being taken at the same time.

The NHS in Scotland continues to face significant workforce challenges

57. The NHS is reliant on its workforce to deliver healthcare services. However, it is increasingly challenging to recruit enough people with the right skills, particularly in some rural areas. Exhibit 11 (page 26) outlines some important figures relating to the NHS workforce in 2018/19.

Page 137

Exhibit 11
NHS workforce 2018/19

Headcount

164,114
March 2019
↑ 0.6% since last year
↑ 3.4% over five years

Full-time equivalent

140,881
March 2019
(excluding some primary care staff)
↑ 0.7% since last year
↑ 3.9% over five years

Staff costs

£6.9bn
in 2018/19
↑ 2.5% in real terms
since last year

= **53%** of revenue

Vacancy rates

Consultants

7.7%
↑ from 7.5% in 2017/18
Highest: **44.2%** Orkney
Lowest: **1.9%** Lothian

54%
Vacancies open
for at least 6 months
↓ from 60% in 2017/18

6

Nursing and midwifery

4.9%
↑ from 4.5% in 2017/18
Highest: **8.4%** Highland
Lowest: **0.7%** Ayrshire and Arran

28.5%
Vacancies open for
at least 3 months
↓ from 30.3% in 2017/18

3

Allied health professionals

4.7%
↑ from 4.4% in 2017/18
Highest: **9.1%** Grampian
Lowest: **0.4%** Ayrshire and Arran

32%
Vacancies open for
at least 3 months
↑ from 29.4% in 2017/18

3

Sickness absence

5.4%
same as 2017/18

Territorial boards
Highest: **5.9%** NHS Forth Valley
Lowest: **4.3%** NHS Shetland

National boards
Highest:
8.6% NHS 24
8.3% State Hospital
7.8% Scottish Ambulance Service

Staff turnover

6.4%
down from 6.6% in 2017/18
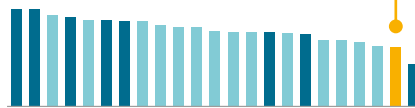
Territorial boards
Highest: **9.8%** NHS Shetland
Lowest: **6.5%** NHS Ayrshire and Arran
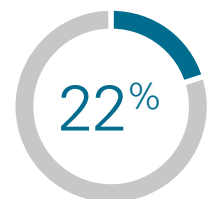
National boards
Highest: **10.5%** NHS Health Scotland
Lowest: **4.5%** Scottish Ambulance Service

Workforce aged over 55

55+

22%

Source: Audit Scotland using ISD workforce data and Scottish Government consolidated accounts, 2019

58. The Scottish Government's ambition is for the NHS to provide more care in the community than in acute hospitals. To support this ambition, the way that care and treatment is delivered will change, and therefore the way that NHS staff work will change too. There are examples of where roles have changed to support different ways of working (Case studies 5 and 6).

Case study 5

Pharmacy First has been a success at NHS Forth Valley

NHS Forth Valley has evaluated its Pharmacy First service. This service aims to improve patients access to treatment for certain conditions without the need to see a GP. This service is now available at all community pharmacies, many of which are open at the weekend or evenings, when most GP practices are closed.

Results found that between April 2017 and March 2019, pharmacists were able to provide treatment for 83 per cent of consultations. Pharmacists referred just ten per cent of patients to their GP. The remaining seven per cent of patients were given advice.

Service users were asked for feedback on the service and, of those who responded, 88 per cent said that the pharmacist was able to help them fully, and 100 per cent rated the service excellent or good. Pharmacists in Forth Valley also provided positive feedback on the service and, of the GPs who responded, 53 per cent said that there had been a decrease in the number of patients seeking treatment, as many conditions were covered by the Pharmacy First service.

Source: *Evaluation of the pharmacy first extension service*, NHS Forth Valley, April 2019

Case study 6

The Scottish Ambulance Service is helping to reduce demand for GP appointments

The Scottish Ambulance Service has been testing new ways of working as part of multidisciplinary teams in primary care, to help safely reduce the demand for GP appointments. Paramedics assess patients with urgent symptoms that need to be addressed before the next available GP appointment.

Initial results found that paramedics could safely assess and treat more than 65 per cent of requests for GP home visits, reducing demand for GP appointments. Patient feedback has been very positive. It also found that paramedics involved in this work brought additional expertise back to their 999 calls, with more patients being treated at the scene, which reduced hospital admissions. The Scottish Ambulance Service now plans to further develop this work and roll it out across the country.

Source: Scottish Ambulance Service, 2019

59. In 2018, the Scottish Government published the new General Medical Services Contract, also known as the GP contract. It included plans to expand the role of multidisciplinary teams in primary care, to ease GPs' workload and improve patient access to appropriate care. These teams will be based in GP practices and involve pharmacists, advanced nurse practitioners, physiotherapists and others. It aims to increase the role that GPs have in planning and delivering new health and social care services. It also aims to increase the amount of time that they have available to care for patients, particularly those with complex or difficult to diagnose conditions.

60. Our report *NHS workforce planning - part 2* found that because of a lack of primary care data, it is difficult to assess whether these aims are on track to be achieved. Increasing the primary care workforce as planned will be a significant challenge and any changes are likely to have an impact on other parts of the system.

Page 139

Temporary staffing costs remain significant, and there is a wide variation between boards

61. As a result of recruitment and retention issues, sickness absence and pressures to meet waiting time targets, NHS boards supplement their workforce by using temporary staff. In 2018/19, NHS boards spent £169.5 million on agency staffing. This was a real-terms increase of 0.3 per cent since 2017/18 (Exhibit 12, page 29).

Boards are working to reduce temporary staffing costs

62. The cost of temporary staffing is significant. Boards have carried out a range of initiatives to reduce temporary staffing costs:

- In 2018/19, NHS Greater Glasgow and Clyde developed a refreshed campaign to recruit graduate nurses. It took a proactive approach to meeting students and promoting the board. It provided graduates with the opportunity to speak to senior nursing staff to learn more about the organisation. The board recruited 458 newly qualified nurses through this recruitment exercise, which filled most of its nursing vacancies. The board saw a real terms reduction of 23.4 per cent in agency spending in 2018/19 compared with 2017/18.[20]

- NHS Grampian has expanded its recruitment to alternative roles. The board has funded a considerable number of additional clinical development fellow, advanced nurse practitioner and physician associate posts. These posts can support areas that are struggling to recruit enough junior doctor posts and can help to reduce the reliance on medical locums. The board also recruited more than 100 nurses from Western Australia and is planning to develop a more formal partnership with Western Australia. It has also been promoting research and development opportunities, to attempt to attract more people to work at NHS Grampian.

Withdrawing from the European Union is likely to exacerbate existing workforce and cost pressures

63. There is considerable uncertainty around the potential impact of the UK's withdrawal from the European Union (EU). The immediate areas of potential impact for NHS boards include reduced access to medicines for certain patient groups and increased costs of medicines and supplies. Higher costs will compound the financial pressure on the NHS. In the longer term, there is uncertainty about future immigration rules and the impact that this may have on being able to attract applicants for vacancies. Professional bodies consider that the number of applicants to the NHS from other EU countries has already declined. This will place further strain on the NHS workforce.

64. The UK and Scottish Governments are leading and coordinating most of the preparations. NHS National Services Scotland has played a central role in contingency arrangements. In line with guidance from National Procurement, NHS boards have not been holding increased stocks of drugs or medical equipment. This is being managed at a UK-wide level.

65. Some boards have acted to strengthen their local arrangements to increase resilience. Several boards, with their partners, have established assurance groups to coordinate preparations, address risks where possible and keep their staff and board members updated. NHS boards should factor any known workforce and cost implications into their financial plans.

Exhibit 12
Temporary staffing costs in 2018/19

In real terms, several boards reduced their spending on temporary staff. Spending on medical agency locums has decreased but spending on agency and bank nurses continues to increase.
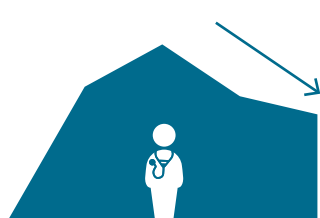
Medical locum

2014/15 – £72.8 million
2018/19 – £98.0 million

Peaked in 2016/17 at £114 million and has reduced year-on-year since
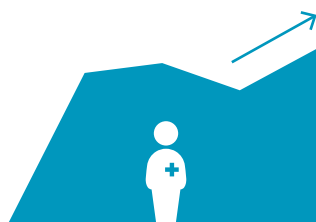
Nursing agency

2014/15 – £17.1 million
2018/19 – £26.2 million

Decreased in 2017/18 but has reached its highest so far in 2018/19

Nursing bank

2014/15 – £138.8 million
2018/19 – £161.9 million

Continuing to rise year-on-year.

This is a more cost effective option for health boards than agency nurses
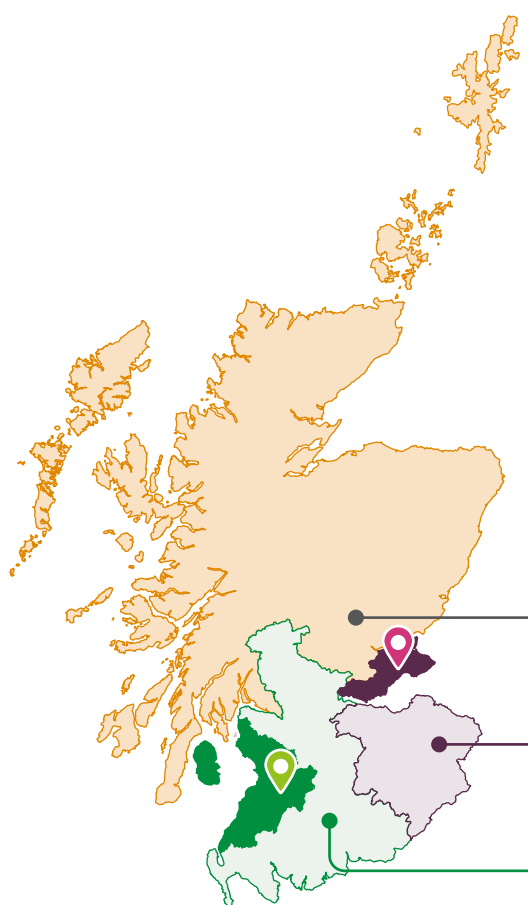
Compared with 2017/18 costs:

7 **territorial boards** reduced their agency spending in 2018/19, in real terms

NHS Fife saw the largest percentage increase in spending

▲ **20.6%** £1.8 million

NHS Ayrshire and Arran saw the largest percentage decrease in spending

▼ **26.1%** £3.0 million

Spending on agency staffing varied significantly across NHS boards and varied by region:

North region
£43 per 1,000 population

East
£27 per 1,000 population

West
£23 per 1,000 population

Note:
North: Grampian, Highland, Orkney, Shetland, Tayside and Western Isles.
East: Borders, Fife and Lothian
West: Ayrshire and Arran, Dumfries and Galloway, Forth Valley, Greater Glasgow and Clyde and Lanarkshire

Sources: NHS Consolidated Accounts for the financial year 2018/19, Scottish Government, 2019; NHS Scotland workforce, ISD Scotland, June 2019; Mid-year population estimates, National Records of Scotland, April 2019

Part 2
Achieving a sustainable NHS

Key messages

1 The Scottish Government's 2020 Vision is to change the way health and social care services are delivered. The successful integration of health and social care is essential for achieving this, but progress has been slow and the aims of the 2020 Vision will not be achieved on time. NHS boards are working on a significant number of local improvement initiatives, but there is scope to consolidate this activity to achieve larger-scale, system-wide reform. The Scottish Government should identify and prioritise the initiatives that are most likely to achieve the reform needed. It should use this information to develop its new strategy for health and social care for 2020 onwards. Much more work is also required to engage with local communities to inform and co-design changes to services.

2 Reforming health and social care also means that changes to the NHS workforce are required. To support this, the Scottish Government needs a national, integrated, health and social care workforce plan. This is overdue.

3 There has been significant turnover in senior leadership positions across the NHS in Scotland, with 26 new appointments in 2018/19. The Scottish Government has introduced a series of changes to improve its approach to senior leadership recruitment and development. This is a medium- to longer-term solution, and it is too soon to determine the impact of these changes on stabilising senior leadership in the NHS.

4 The NHS needs to improve workplace culture. Following reports of bullying and harassment and an independent review, the Scottish Government has committed to implementing a series of improvements. Boards are now required to provide assurance that they are aware of the culture and behaviours in their organisation and have plans to address any issues identified.

There has been long-term and consistent national policy direction for health and social care integration, but progress has been slow

66. Since 2005 there have been several strategies and frameworks published by the Scottish Government that aim to reform health and social care services across Scotland (Exhibit 13, page 31). To achieve the Scottish Government's vision to change the way services are delivered, successful integration of health and social care is urgently required and is a major priority across the whole system.

Page 142

Exhibit 13
A timeline of major Scottish Government health and social care policies and publications, 2005–16

2005 **The Scottish Government published *Delivering for Health***
This first set out the aim to provide care that is quicker, more personal and closer to home. It aimed to support more integrated working across health and social care, improve patient pathways and develop a culture of teamwork and co-operation.

2009 **The Scottish Government and COSLA published *Improving Outcomes by Shifting the Balance of Care Improvement Framework***
It proposed ways that NHS boards and local authority partners could make better use of resources across the health and social care system. It aimed to help them to better manage the impact on acute hospitals of population growth, increase in the number of older people and long-term conditions.

2011 **The Scottish Government published its *2020 Vision***
It set out the aim that by 2020 'everyone is able to live longer, healthier lives at home, or in a homely setting'. Ambitions were to shift care from acute to community care, increase integrated working focusing on prevention, anticipate care needs and support self-management of long-term conditions. It aimed to ensure people are discharged from hospital as soon as appropriate with minimal risk of readmission.

2014 **Integration legislation passed and introduced the mandate for change with the establishment of Integration Authorities (IAs)**
NHS boards need to work in close partnership with IAs and local authorities to plan together how services that were once provided in hospital can be moved to the community. IAs are responsible for planning, designing and commissioning primary care services. They are also responsible for developing primary care improvement plans, in collaboration with NHS boards and local GP subcommittees.

2015 **The Scottish Government published the *National Clinical Strategy***
This highlighted areas where improvements would be necessary over the next five to ten years across primary and acute care. Significant changes were required to ensure the NHS could adapt to meet the needs of the population in the future.

2016 **The Health and Social Care Delivery Plan set the direction required to make hospital services more sustainable and available for those who need them in the future**
It provided more guidance for health and social care services to change the way services are delivered. It intended to increase the number of people that can be treated and cared for closer to their home, where it is safe and appropriate to do so.

67. Changing how healthcare services are accessed and delivered has been too slow. In September 2018, the Scottish Government, NHS Scotland and COSLA released a joint statement setting out a shared commitment to integration. It clearly stated that the pace of integration needs to be stepped up. In our report, *Health and Social Care Integration: update on progress* ⊕, we identified six areas that IAs and their NHS and council partners need to address (Exhibit 14).

Exhibit 14
Features central to the success of integration

Features supporting integration

Collaborative leadership & building relationships	Integrated finances and financial planning	Effective strategic planning for improvement	Agreed governance & accountability arrangements	Ability & willingness to share information	Meaningful & sustained engagement
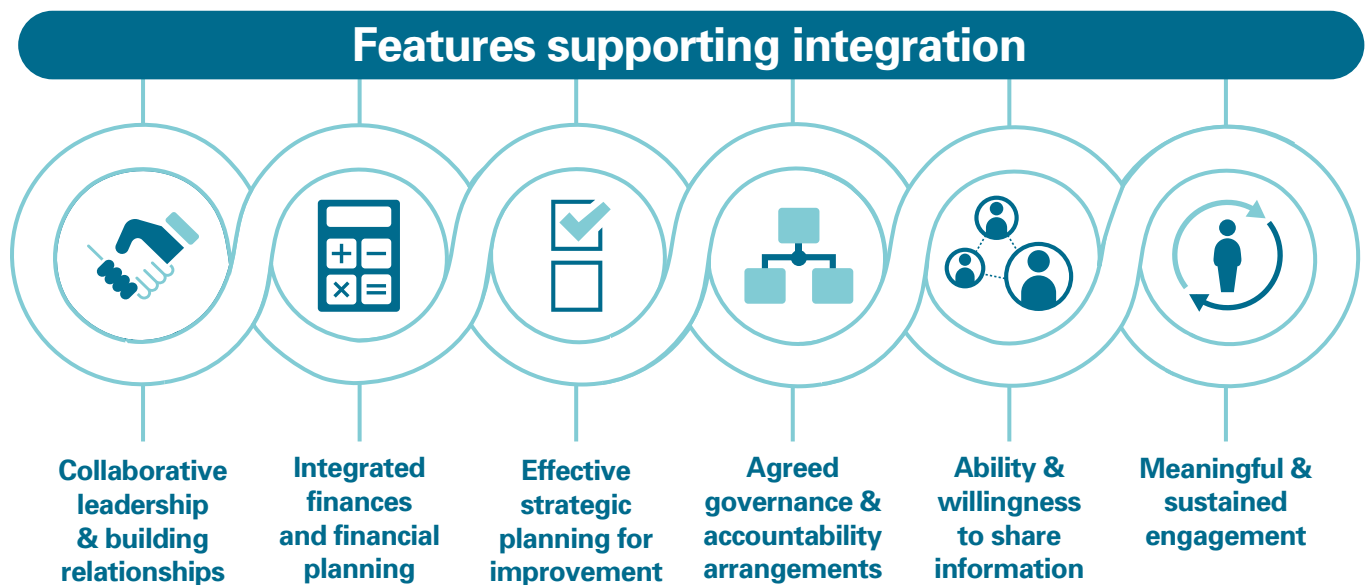
Source: *Health and social care integration: update on progress*, Audit Scotland, November 2018

68. In 2018/19, NHS boards' external auditors reported on a range of challenges to the progress of integration. These included the following:

- Several boards reported IA overspends, including NHS Ayrshire and Arran, NHS Fife and NHS Forth Valley.

- There is a variation in the way that NHS boards work with IAs to plan services and budgets. Some reported that agreements are not yet fully implemented or are being renegotiated.

- There are workforce pressures, including the availability of key roles and having the right skills and experience.

- There is difficulty in finding time to support reform and integration while maintaining acute services.

69. As a result of concerns about the pace of health and social care integration, the Cabinet Secretary for Health and Sport commissioned a review of progress. This was conducted in late 2018. The Ministerial Strategic Group for Health and Community Care (MSG) published their findings in February 2019 and set out proposals for ensuring the success of integration.[21] It set out its proposals under the headings identified in Exhibit 14.

Page 144

70. Following publication of their review, the MSG issued a self-evaluation template to be completed by health boards, councils and IAs. This aimed to evaluate their current position in relation to the findings of the review. This exercise will be repeated to demonstrate any progress made across the country. Work needs to continue to implement the recommendations highlighted in our report and the MSG review. The Scottish Government has appointed a dedicated lead for this work.

There are examples of NHS boards working with partners to successfully change the way that services are delivered

71. There are numerous innovative and successful examples of partnership working across health and social care to change the way that services are delivered. For example, NHS 24 works with Police Scotland and SAS to improve the pathway for people in distress who contact these three organisations. It also engaged with service users and those delivering services, to develop a mental health hub, based on similar models in London and Cambridgeshire. The hub aims to reduce the proportion of people experiencing mental health issues that are referred to emergency services. Early results show that it has been successful, with less than ten per cent of these cases being referred on to emergency services. Case study 7 shows how SAS is working with NHS 24 to reduce the demand on emergency departments.

Case study 7

SAS is collaborating with NHS 24 to improve patient triage

SAS has been working with NHS 24 to improve the way patients are assessed and treated. Many people making 999 calls are experiencing symptoms relating to long-term conditions that may not always require hospital care or admission. SAS and NHS 24 worked with NHS boards and IAs to develop new pathways of care. These pathways are designed to deal with the immediate issue and minimise the risk of future emergencies.

As a result, more patients are being safely managed either within the ambulance control centre or in the community by paramedics, without having to attend A&E. In June 2019, 37 per cent of incidents were managed by paramedics or through the control centre. This compares with 32 per cent of incidents in April 2017.

Good progress is being made, but there is variation across Scotland in the rate of patients being taken to emergency departments. SAS is focusing on reducing this variation. It is working with IAs and GP clusters to develop local solutions with local communities, in line with the principles of realistic medicine.

Source: Scottish Ambulance Service, 2019

The potential of digital technology is not yet being maximised

72. In April 2018, the Scottish Government published a new digital health and care strategy.[22] The strategy sets out national digital priorities for the next decade that aim to support the transformation of health and social care delivery. These include making use of new technologies to:

- share patient information across health and social care boundaries
- improve patient safety and the coordination of care
- support the redesign of services
- build workforce capability.

Page 145

73. The Scottish Government is developing a new health and social care digital platform. The platform intends to improve access to health records where and when they are needed across acute, primary and community care. New ways of working using new technologies will also be tested, such as virtual clinics and the remote monitoring of chronic illnesses.

74. Work to implement the strategy is at an early stage. It requires collaboration between the Scottish Government, NHS boards and local government, and governance arrangements are being established to monitor progress. We will continue to monitor developments as part of our ongoing work programme.

75. There are examples of good work across Scotland to make the most of the technology that is currently available to improve patient care. The implementation of the electronic frailty index tool is an example of this (Case study 8).

Case study 8

The Living Well in Communities (LWiC) team is improving the identification and management of people with frailty

The LWiC team in Healthcare Improvement Scotland's improvement hub has developed preventative support for people with frailty in the community. It uses an electronic frailty index (eFI) to identify people with frailty before they reach crisis point. The eFI is available to GP practices through a national IT (information technology) system known as the Scottish Primary Care Information Resource (SPIRE). GP practices using SPIRE can now identify their frail population enabling them to better direct and manage their healthcare needs. During the summer of 2019, the LWiC team supported 19 health and social care partnerships across Scotland to implement the eFI. This could lead to more care being provided in the community rather than in acute hospitals and improve the quality of life of people with frailty.

Source: Healthcare Improvement Scotland, 2019

More work needs to be done to engage with local communities when making changes to health and social care services

76. We have previously reported that the NHS in Scotland needs to be more open, by improving public reporting and the way that the community is involved in planning and designing changes to services.

77. In 2019, NHS boards completed the blueprint for good governance self-assessments.[23] These identified that engagement with stakeholders required further development across several boards. It found that boards need to develop more effective communication and engagement strategies. The approach to community engagement was inconsistent, with some boards reporting that they needed more clarity around expectations. Some boards reported that improved guidance was needed to support better dialogue and inclusion of the community in decision-making.

78. The Community Empowerment (Scotland) Act 2015 sets the requirement for all public bodies to work alongside their stakeholders when making decisions about what services are delivered and where.[24] Working in partnership with the community aims to support the co-design of services and improve outcomes. This is particularly important for marginalised community groups. There is still much work to be done to meet the requirements of the Act with many boards still developing engagement strategies.

79. The Place Principle, recently introduced by the Scottish Government and COSLA, aims to support collaboration and co-design of places in the community.[25] It supports inclusiveness and sustainable outcomes. Planning and working together with the community is vital to ensure a positive, shared understanding and agreement on future community developments.

80. In November 2018, the Scottish Government commissioned an independent review of how NHS Lanarkshire had planned for the redevelopment of Monklands Hospital. Concerns had been raised by elected representatives and members of the public about the level of community engagement and consultation. There were also concerns about the quality of the information used in the planning process, particularly around identifying possible new sites for the hospital. The review found that NHS Lanarkshire had carried out their planning and consultation process well, and in line with existing guidance. Nonetheless, to restore public confidence and trust, it recommended that for the redevelopment, they should follow the Place Principle to create a shared vision with the local community.[26]

81. NHS boards should incorporate the Community Empowerment Act principles into their communication and engagement strategies.[27] This will enable a more mature approach to involvement and improve trust and confidence within the community. Providing a range of community groups with a voice will allow a more informed and open conversation about the design and delivery of public services to meet local needs.

The development of a national, integrated health and social care workforce plan is overdue

82. Between June 2017 and April 2018, the Scottish Government published three workforce plans, covering the NHS, social care and primary care.[28,29,30] It also intended to develop, with COSLA, a national integrated health and social care workforce plan. This was due to be published in 2018 but has been delayed until 2019.

83. IAs have been expected to provide health and social care workforce plans since 2017/18. These should include information about the existing workforce across their health and social care partnership, the expected workforce required in the future and an analysis of workforce supply and demand trends. Not all IAs, however, have produced a plan.

84. Health and social care reform incudes changes in the way that care is delivered and by whom. To support planning for a different type of workforce, broader analysis is required. This should identify:

- what roles will be needed and how many

- where they are needed and what skills and training are necessary

- what these changes to the workforce will cost.

85. Acute hospitals and primary and community care services continue to face increasing workforce shortages. It is unclear if commitments to increase the number of GPs and create new multidisciplinary primary care teams can be achieved in the timescales expected. This is in addition to maintaining acute hospital services and establishing new elective centres. The Scottish Government needs to publish the national, integrated health and social care workforce plan and guidance to inform workforce planning.

The Scottish Government should develop a new strategy for health and social care that identifies priorities to support large-scale, system-wide reform

86. The Scottish Government's 2020 Vision is to provide more care closer to home and reduce demand for acute hospital services. This aims to improve patient experience and help achieve the longer-term financial sustainability of the NHS. The successful integration of health and social care is essential for achieving this vision. However, progress has been slow, and the aims of the 2020 Vision are unlikely to be achieved by 2020. NHS boards have been working on a significant number of local improvement projects that may or may not have contributed to these aims.

87. The Scottish Government should identify and prioritise which initiatives are most likely to achieve the level of large-scale reform needed. It should use this information to develop a new strategy for health and social care for 2020 onwards. Spreading successful improvements to support the delivery of a new strategy is not always straight forward. NHS boards need to consider how these initiatives will fit within their local circumstances. This can include the need for additional skills and the development of new relationships. Cultural change may also be required to accept new ways of working.[31] NHS boards should be able to demonstrate how they are meeting the priorities of the new strategy and should report progress regularly to the Scottish Government.

The Scottish Government and boards still have work to do to improve NHS governance

88. Each NHS board is responsible for ensuring that health services are delivered safely, efficiently and effectively. To support this, NHS boards must have good governance arrangements in place that provide sufficient scrutiny and assurance of financial and operational performance. This year, external auditors found that most NHS boards had adequate governance arrangements in place but found recurring areas of concern. These included the capability and capacity of board members, commitment to transparency, and the quality and timing of information provided for board committee meetings. The Scottish Government is carrying out a range of work aimed at strengthening governance arrangements in NHS boards. This includes piloting a standardised review of corporate governance – NHS Scotland's *A Blueprint for Good Governance* – published in February 2019.[32]

89. The blueprint for good governance intends to provide support for NHS board directors to better fulfil their oversight and decision-making role. It aims to create stronger systems and processes for effective scrutiny of performance. The first step in the framework was for NHS boards to conduct a self-assessment to provide a baseline of performance and to identify where improvements were needed. The self-assessment covered five functions of good governance. These are setting the direction, holding to account, assessing risk, engaging stakeholders and influencing culture.

90. Results showed that most boards scored themselves as performing well or exceptionally well across all five functions. Boards have developed action plans to address areas for improvement. NHS boards will provide six-monthly reports to the Scottish Government on progress against their agreed action plans. Themes for improvement include:

Page 148

- board member induction, skills and ongoing training and development

- strengthening risk management arrangements

- standardising corporate governance documents

- improving the timing and quality of reports that are submitted to the board.

91. The national-level work to support improvement is being managed via three workstreams:

- corporate governance systems

- attraction and recruitment

- retention and development.

92. The blueprint recommends the independent validation of NHS boards in addition to the self-assessments. It is expected that all boards will be independently reviewed over a three-year period. The Scottish Government is currently considering options for the most appropriate way for this to be conducted. The Scottish Government Corporate Governance Steering Group is overseeing activity relating to the framework and workstreams.

The lack of stable leadership in the NHS is impeding reform

93. There has been a significant turnover of senior leadership positions during 2018/19. Exhibit 15 outlines some of these key changes.

Exhibit 15
Changes in senior leadership appointments across the NHS in Scotland 2018/19

26 new appointments
senior leadership positions

22 NHS boards

5 chief executives
NHS Grampian, Highland, Orkney, Tayside, and National Waiting Times Centre

9 board chairs
NHS Borders (interim), Grampian, Highland (interim), Shetland, Tayside (interim), Western Isles, Scottish Ambulance Service, NHS Education for Scotland and National Waiting Times Centre

6 new directors of finance
NHS Forth Valley, Highland (interim), Orkney (interim), Tayside, Western Isles and Scottish Ambulance Service

6 new medical directors
NHS Fife, Lanarkshire, Shetland (interim), Tayside (interim), National Services Scotland and NHS 24

Source: NHS boards' annual audit reports, 2019

94. At October 2019, over half of NHS boards in Scotland have senior leaders holding dual positions. Typically, this involves only one member of each board's senior leadership team, although three members of the NHS Grampian Executive Team held positions at NHS Tayside during 2018/19. At NHS Shetland, auditors were concerned that three members of the leadership team found managing dual roles challenging, as responsibilities continue to increase.

95. NHS boards are finding it difficult to recruit future leaders. It often takes a long time to appoint people to these positions. Vacancies, interim roles and short tenure can lead to short-term decision-making. This can affect the level of reform and the effective working relationships needed across NHS Scotland. The NHS Leadership Academy suggests that chief executives should stay in post for at least five years, to give organisations the stability they need for effective strategic planning. It is also considered that new chief executives can take 15-32 months to transition into their role.[33]

The Scottish Government has improved its approach to senior leadership recruitment and development

96. Greater collaboration and partnership working are needed to support health and social care integration and to improve staff engagement and workplace culture. The Scottish Government recognised that to achieve this, a different style of leadership was required. This was an important factor in the creation of its new leadership development programme called Project Lift.

97. Project Lift has introduced a series of changes that have been progressed over the past two years.[34] Project Lift focuses on building positive relationships, respect and kindness. It intends to help people work together more effectively across health and social care services, communities, local authorities and the third sector to improve outcomes. The changes include the following:

- Values-based recruitment: this is a multi-stage recruitment process that includes a competency-based application form, and psychometric tests that are independently analysed and used to set questions for interview and role play. A one-year evaluation is under way and will include feedback from candidates. This process has been extended from only the recruitment of board chairs to now include board members and executive directors.

- A new approach to appraisal: for chairs and deputy chairs, this aims to include 360-degree appraisal by March 2020. The Scottish Government is planning to extend this to non-executive directors. This process aims to support improvements recommended in *A Blueprint for Good Governance* and the Sturrock review.

- A stronger process for induction and professional development: this has been introduced for new non-executive directors and chairs, and NHS Education for Scotland provides mentoring and coaching opportunities.

- A new talent management process: this has been established to help identify and develop future leaders. Individuals complete an online self-assessment and are invited to participate in a supported process of personal and leadership development. Over 1,500 staff from across Scotland have registered with this programme since its launch in 2018.

- Improved engagement across health and social care and the wider public sector: this has included leadership learning events and support to build relationships and cross system, collaborative working.

Page 150

98. Project Lift aims to resolve future recruitment challenges. The Scottish Government should continue to monitor the effectiveness of the initiatives and their impact on recruitment and retention of senior healthcare leaders. However, this is a medium- to long-term solution and there is an immediate need to fill existing senior leadership vacancies on a substantive basis.

The NHS needs to improve its workplace culture

99. In 2013, the Scottish Government published its *Everyone Matters: 2020 Workforce Vision*. It set out the commitment to put people at the heart of delivering high-quality care, to value the workforce and to treat people well ⓘ.

100. In September 2018, four senior doctors from NHS Highland publicly reported problems with bullying and harassment. They reported a long-standing culture of fear and intimidation and an environment where concerns could not be raised in an open and transparent way. As a result of this the Cabinet Secretary for Health and Sport commissioned an independent review to further explore the matters raised.

101. John Sturrock QC published his review in April 2019.[35] There was extensive engagement, with input from around 300 NHS Highland staff. Many reported that they had experienced some form of bullying, harassment or inappropriate behaviour that was considered significant and harmful. The review made important immediate and longer-term recommendations that also have wider implications for the NHS in Scotland. We expect all boards and the Scottish Government to respond actively and positively. The recommendations included:

- a requirement for person-centred leadership

- working in partnership and engaging with staff at all levels

- improvements in governance

- improvements in the management of human resources processes.

102. The Scottish Government has committed to supporting improvements across NHS Scotland as a result of the Sturrock review.[36] Several initiatives are being put in place to support a safe, open and honest workplace culture. These include the following:

- The establishment of a ministerial-led short-life working group to ensure that the recommendations from the report are implemented.

- A review of all workplace policies, including bullying and harassment, conduct, and grievance and the development of a single workforce investigation policy.

- The formation of new legislation to establish an Independent National Whistleblowing Officer for NHS Scotland. This will form part of the Scottish Public Services Ombudsman role and will have the authority to investigate the way that whistleblowing complaints are handled and will make recommendations and report to the Scottish Parliament.

- Each NHS board appoints a whistleblowing champion as part of the role of one of their non-executive directors.

NHS Scotland values

– Care and compassion

– Dignity and respect

– Openness, honesty and responsibility

– Quality and teamwork

Page 151

103. The Scottish Government is seeking assurance that all boards are considering the outcomes and recommendations from the Sturrock review. Given the importance of this issue across NHS Scotland, the Scottish Government should ensure that all NHS boards:

- provide evidence that they actively promote positive workplace behaviours and encourage reporting of bullying and harassment

- have action plans in place to improve culture, address any issues identified and use the findings of the Sturrock review to inform continual cultural improvement.

104. The Scottish Government should consider what it can do to support NHS boards with this and whether a national cultural reform programme is required.

Senior leaders should consider how they can improve engagement with front-line staff

105. The everyone matters: 2020 workforce vision led to the introduction of the iMatter survey in 2015.[37] This staff experience survey was designed to help individuals, teams and health boards understand the extent to which employees feel motivated, supported and cared for at work.

106. The response rate for the 2018 survey was 59 per cent.[38] This was less than the response rate in 2017, at 63 per cent. An employee engagement index (EEI) score is provided when there is a response rate of 60 per cent. Therefore, a national EEI score for health and social care was not published as part of the national report. In 2018, 13 boards, only five of which were territorial, received an organisational EEI score compared with 19 in 2017. The Scottish Government has commissioned an independent academic review to identify reasons for the reduction in response rate and to recommend ways to improve participation.

107. The results of the 2018 national report showed that staff were clear about their work and had confidence in their line manager. Areas that were rated lower included how well staff were involved in decision-making and the visibility of senior leaders. The areas where responses scored lowest align with some of the important leadership and cultural issues discussed in this report.

108. The iMatter survey does not contain questions specifically relating to culture such as bullying and harassment. This is covered in the biennial Dignity at Work Survey, last conducted in 2017.[39] Those results showed an increase in the proportion of staff experiencing bullying. Nine per cent of staff experienced bullying from their manager compared with eight per cent in 2015. Fifteen per cent of staff experienced bullying from a colleague compared with 13 per cent in 2015.

109. The Scottish Government should consider incorporating questions relating to organisational culture and behaviour within a single annual staff survey. This will enable the Scottish Government to monitor staff experience and the status of organisational culture and behaviour across the NHS. This will also avoid the requirement to conduct, analyse and report on two separate surveys. There are examples of public-sector surveys that include a combination of such questions.

Endnotes

1   Audit Scotland using the draft budget for 2019/20, Scottish Government, December 2018; Mid-year population estimates, National Records of Scotland, April 2019.

2   *Draft budget for 2019/20*, Scottish Government, December 2018.

3   *Scottish Government Medium-Term Health and Social Care Financial Framework*, Scottish Government, October 2018.

4   The 2020 Vision published by the Scottish Government set out the aim that everyone is able to live longer and healthier lives at home or in a homely setting.

5   Audit Scotland using NHS consolidated accounts for financial years 2016/17-2018/19, Scottish Government, 2019.

6   NHS board local delivery plans and annual operational plans 2015/16-2019/20.

7   NHS consolidated accounts for financial year 2018/19, Scottish Government, 2019.

8   *NHS Scotland 2018-19 consolidated financial reporting to 31 March 2019*, Scottish Government, May 2019.

9   Based on data reported in *NHS in Scotland 2018* ⊕, Auditor General, October 2018.

10 New facilities will be established in Golden Jubilee National Hospital, NHS Highland, NHS Lothian, NHS Grampian, NHS Tayside and NHS Forth Valley.

11 NRAC parity status, Technical Advisory Group on Resource Allocation, 2019.

12 Scottish Budget 2019-20: Level 4 data, Scottish Parliament Information Centre (SPICe).

13 *Waiting Times Improvement Plan*, Scottish Government, October 2018.

14 *Inpatient Experience Survey*, Scottish Government, January 2019.

15 www.scottishpatientsafetyprogramme.scot.nhs.uk/ ⬏

16 *Reducing surgical mortality in Scotland by use of the WHO Surgical Safety Checklist.* BJS 2019; 106: 1005-1011.

17 Deteriorating patient workstream update, ihub, Healthcare Improvement Scotland, March 2019.

18 *Healthcare Associated Infection Annual Report 2018*, Health Protection Scotland, May 2019.

19 *Generic prescribing*, ISD Scotland, July 2019.

20 *NHS Scotland workforce* ⊕, ISD Scotland, June 2019..

21 *The Ministerial Strategic Group for Health and Community Care: Review of progress with integration of health and social care – Final Report*, Scottish Government and COSLA, February 2019.

22 *Scotland's digital health and care strategy*, Scottish Government, April 2018.

23 *A Blueprint for Good Governance*, NHS Scotland, January 2019.

24 Community Empowerment (Scotland) Act 2015.

25 Place Principle introduction: www.gov.scot/publications/place-principle-introduction/ ⬏

26 An independent review of the process followed by NHS Lanarkshire Monklands Replacement /Refurbishment Project, Institute of Health and Wellbeing, University of Glasgow, June 2019.

27 *Principles for community empowerment* ⊕, Auditor General, July 2019.

28 *National health and social care workforce plan: part 1*, Scottish Government, June 2017.

29 *National health and social care workforce plan: part 2*, Scottish Government, December 2018.

30 *National health and social care workforce plan: part 3*, Scottish Government, April 2018.

31 *The spread challenge*, The Health Foundation, September 2018.

32 *A Blueprint for Good Governance*, NHS Scotland, January 2019.

33 *Leadership in today's NHS: delivering the impossible*, The Kings Fund, July 2018.

34 *Putting people at the heart of leadership in health and care in Scotland: Project Lift Progress Report*, Scottish Government, June 2019.

35 *Report to the Cabinet Secretary for Health and Sport into cultural issues related to allegations of bullying and harassment in NHS Highland*, John Sturrock QC, April 2019.

36 *The Scottish Government response to the Sturrock Review into cultural issues related to allegations of bullying and harassment in NHS Highland*, Scottish Government, May 2019.

37 *Everyone matters: 2020 workforce vision*, Scottish Government, 2013.

38 *Health and social care staff experience report 2018*, Scottish Government, February 2019.

39 *Health and social care staff experience: report 2017*, Scottish Government, March 2018.

Page 153

Appendix 1
Audit methodology

This is our annual report on how the NHS in Scotland is performing. Our audit assessed how well the NHS managed its finances and performance against targets in 2018/19 and how well the NHS is adapting for the future.

Our findings are based on evidence from sources that include:

- the audited annual accounts and auditors' reports on the 2018/19 audits of the 22 NHS boards

- Audit Scotland's national performance audits

- NHS boards' Annual Operational Plans which set out how boards intend to deliver services to meet performance indicators and targets, and indicative spending plans for the next three years

- activity and performance data published by ISD Scotland, part of NHS National Services Scotland

- publicly available data and information on the NHS in Scotland including results from staff and patient surveys

- interviews with senior officials in the Scottish Government and a sample of NHS boards.

We reviewed service performance information at a national and board level. Our aim was to present the national picture and highlight any significant variances between boards. We focused on a sample of key targets and standards, covering some of the main activities of the NHS. Where we have used trend information, we have selected a time period where information is most comparable. Information about the financial performance of the NHS is included in .

Appendix 2
Financial performance 2018/19 by NHS board
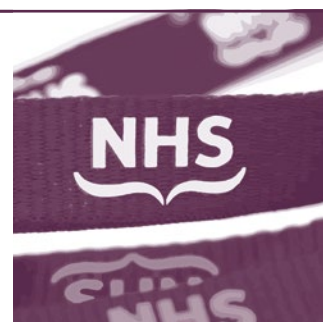
Board	Core revenue outturn (£m)	Total savings made – Annual Audit Report (£m)	Non-recurring savings in Annual Audit Report (%)	NRAC: distance from parity (%)
Ayrshire and Arran	796.6	32.0	43	-0.8
Borders	237.7	15.2	56	1.1
Dumfries and Galloway	343.2	17.3	74	2.8
Fife	706.8	20.0	80	-0.8
Forth Valley	568.8	18.4	38	-0.8
Grampian	1,035.1	17.3	72	-0.8
Greater Glasgow and Clyde	2,404.3	93.0	60	1.8
Highland	714.6	26.2	36	-0.8
Lanarkshire	1,271.9	28.8	40	-0.8
Lothian	1,535.1	27.1	44	-0.8
Orkney	58.7	2.9	98	-0.4
Shetland	59.3	3.8	58	-0.4
Tayside	848.7	32.0	34	-0.8
Western Isles	83.8	2.2	55	11.3
National Waiting Times Centre	71.1	4.3	35	
NHS 24	65.0	2.1	35	
NHS Education Scotland	464.4	14.6	52	
NHS Health Scotland	19.5	0.4	0	
NHS National Services Scotland	466.9	18.5	23	
Healthcare Improvement Scotland	29.4	2.6	78	
Scottish Ambulance Service	251.8	9.9	29	
The State Hospital	32.8	1.8	80	

Source: Scottish Government Consolidated accounts, 2019. Annual Audit Reports and Financial Performance Reports, 2019. Information on NRAC parity by board, Technical Advisory Group for Resource Allocation, 2019

Page 155

Appendix 3

Annual performance against key waiting times standards in 2018/19 by NHS board

Health board	18 weeks referral to treatment time standard = 90%	A&E attendees seen within four hours standard = 95%	CAMHS patients seen within 18 weeks standard = 90%	Patients starting cancer treatment within 31 days of decision standard = 95%
Ayrshire and Arran	❌ 79.0	❌ 92.2	✅ 92.3	✅ 98.9
Borders	✅ 90.4	❌ 93.6	❌ 56.9	✅ 100.0
Dumfries and Galloway	❌ 89.0	❌ 92.6	❌ 85.1	✅ 96.8
Fife	❌ 79.0	✅ 95.2	❌ 76.0	✅ 95.6
Forth Valley	❌ 83.4	❌ 86.1	❌ 70.8	✅ 96.8
Grampian	❌ 65.0	❌ 94.4	❌ 44.3	❌ 91.6
Greater Glasgow and Clyde	❌ 84.4	❌ 90.3	❌ 80.7	❌ 94.6
Highland	❌ 80.7	✅ 96.5	❌ 82.3	❌ 93.9
Lanarkshire	❌ 85.7	❌ 90.8	❌ 70.9	✅ 98.6
Lothian	❌ 72.0	❌ 85.9	❌ 62.8	❌ 94.3
Orkney	✅ 93.1	✅ 95.7	✅ 95.0	✅ 96.2
Shetland	❌ 83.6	✅ 96.3	✅ 95.0	✅ 98.5
Tayside	❌ 76.3	✅ 97.5	❌ 43.5	❌ 92.7
Western Isles	✅ 90.7	✅ 98.9	✅ 95.0	✅ 100.0
Scotland	❌ **80.2**	❌ **91.2**	❌ **70.7**	✅ **95.0**

✅ Standard met   ❌ Standard missed

Page 156

Health board	Patients starting cancer treatment within 62 days of referral	Outpatients waiting less than 12 weeks following first referral	Day case or inpatients who waited less than 12 weeks for treatment	Drug and alcohol patients seen within three weeks
	standard = 95%	standard = 95%	standard = 100%	standard = 90%
Ayrshire and Arran	⊗ 84.6	⊗ 82.4	⊗ 83.9	✓ 98.6
Borders	⊗ 93.3	✓ 96.8	⊗ 78.4	✓ 95.3
Dumfries and Galloway	⊗ 92.0	✓ 95.9	⊗ 83.7	✓ 94.6
Fife	⊗ 85.4	✓ 98.2	⊗ 70.5	✓ 96.5
Forth Valley	⊗ 81.8	⊗ 88.2	⊗ 60.3	✓ 98.4
Grampian	⊗ 78.9	⊗ 64.9	⊗ 54.7	✓ 91.4
Greater Glasgow and Clyde	⊗ 77.1	⊗ 74.6	⊗ 77.3	✓ 94.8
Highland	⊗ 80.3	⊗ 84.7	⊗ 57.7	⊗ 87.8
Lanarkshire	✓ 95.9	⊗ 89.7	⊗ 63.3	✓ 97.9
Lothian	⊗ 81.0	⊗ 65.1	⊗ 77.2	⊗ 80.5
Orkney	⊗ 89.2	⊗ 78.9	⊗ 83.0	✓ 97.9
Shetland	⊗ 78.2	⊗ 71.2	⊗ 88.1	✓ 96.0
Tayside	⊗ 84.8	⊗ 62.7	⊗ 67.5	✓ 90.6
Western Isles	⊗ 83.3	⊗ 91.6	✓ 100.0	⊗ 89.3
Scotland	⊗ **82.5**	⊗ **75.0**	⊗ **72.2**	✓ **93.6**

✓ Standard met   ⊗ Standard missed

Sources: Child and Adolescent Mental Health Services: waiting times, workforce and service demand, ISD Scotland, June 2019; National drug and alcohol treatment waiting times, ISD Scotland, June 2019; 18 weeks referral to treatment: ISD Scotland, May 2019; New outpatient appointment: waiting times for patients waiting at month end, census date at 31 March 2019, ISD Scotland, May 2019; Inpatient or day case admission: waiting times for patients seen, ISD Scotland, May 2019; Accident and emergency: attendances and time in department, ISD Scotland, June 2019; Performance against the 62-day standard from receipt of an urgent referral with suspicion of cancer to first treatment by NHS board, ISD Scotland, June 2019; Performance against the 31-day standard from date decision to treat to first cancer treatment by NHS board, ISD Scotland, June 2019

NHS in Scotland 2019

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A caring partnership

RISK, AUDIT AND PERFORMANCE COMMITTEE

Date of Meeting	25 February 2020
Report Title	Transformation Progress Report
Report Number	HSCP.19.102
Lead Officer	Sandra MacLeod, Chief Officer
Report Author Details	Gail Woodcock Lead Transformation Manager
Consultation Checklist Completed	Yes
Directions Required	No
Appendices	a. Transformation Programme: Acceleration and Pace Highlight Report: November 2019 – January 2020

1. Purpose of the Report

The purpose of this report is to provide an update on the progress of the Transformation Programme.

This includes a high-level overview of the full transformation programme.

1

RISK, AUDIT AND PERFORMANCE COMMITTEE

The paper also includes high level information on a recent Lean Six Sigma project on social work financial assessments, and our approach to evaluating the impact of the Primary Care Improvement Plan, and a deeper dive into these will be presented at the committee.

2. Recommendations

2.1.   It is recommended that the Risk, Audit and Performance Committee:

      a) Note the information provided in this report and the presentations on the Primary Care Improvement Plan evaluation, and Social Work financial assessments.

3. Summary of Key Information

Background

3.1.   The Transformation Programme for the Aberdeen City Health and Social Care Partnership (ACHSCP), was updated in line with the refreshed Strategic Plan in March 2019 and the associated revised Programme of Transformation as approved by IJB in September 2019. It consists of the following programmes of activity which aim to support the delivery of the strategic plan:

- Programme 1: An approach to Demand Management implemented through a strategic commissioning approach
- Programme 2: A deliberate shift to prevention
- Programme 3: A Data and Digital Programme
- Programme 4: Conditions for Change
- Programme 5 Accessible and responsive infrastructure

3.2.   The partnership governance structure has been revised to support the delivery of our new Programme of Transformation, allowing appropriate scrutiny and review, at pace.

3.3.   This report provides a high-level overview of key milestones delivered during the reporting period (October – December 2019) and any significant issues, risks and changes.   It is highlighted that during the period of programme transition, the detail of some of the programmes is still developing, and future iterations of this report will show this greater detail.

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3.4. The table below sets out, at a high level, the programmes and links to our Strategic Aims and Enablers:

Transformation Programme of Work	Sub Programmes	Links to Strategic Aims	Links to Strategy Enablers	Comments
Demand Management	Unscheduled Care Action 15 Primary Care Improvement Plan (PCIP) Hosted Services Immunisations	**Resilience Personalisation Communities**	Medium Term Financial Strategy (MTFS) Commissioning	
Prevention	Locality Development Links Approach Resilient, Included & Supported (RIS) Alcohol & Drugs Partnership plan (ADP)	**Prevention Resilience Connections Communities**	MTFS	
Data & Digital	Front line service technology Back office digitisation	**Prevention Resilience Personalisation Connections**	MTFS Workforce	
Conditions for Change	Lean Six Sigma Workforce Plan Staff digital & Estates Operationalisation of Localities	**Resilience Connections Communities**	MTFS Workforce Infrastructure	Will utilise Lean Six Sigma methodology, working deep within teams delivering services to reduce variation and increase efficiency.
Accessible & Responsive Infrastructure	Place Shaping Place Planning	**Prevention Connections**	Infrastructure	

RISK, AUDIT AND PERFORMANCE COMMITTEE

Social Work Financial Assessments

3.5. This project, using the Lean Six Sigma methodology, and aligned to our Conditions for Change Programme, considered the lead time and complexity of the social work financial assessment decision-making process.

3.6. Teams from care management in both acute and community sectors, Aberdeen City Council finance and CareFirst teams were brought together to agree objectives and to map out current processes and issues to be addressed. A data collection plan was put in place and the information was analysed and presented back to the team. Several handovers, reliance on paper-based /manual systems as well as an increase volume and complexity of assessments were identified as areas for improvement. Improvement cycles looking at introduction of different solutions were undertaken over a 4-week period in August / September.

3.7. The impact of the project has meant;
   - New financial form is now implemented which has the correct level of detail and guidance for staff and the public. Both guidance and form has had good feedback.
   - Mobile scanning of documents and direct emailing to relevant departments has improved timelines and reduced lost financial evidence and documentation.
   - Roles and responsibilities guidance – clear and agreed standard of responsibilities for all teams within this process. Improved working relationships and decreased delays.

Primary Care Improvement Plan (PCIP) Evaluation Framework

3.8. A logic model has been developed by the PCIP Implementation Group to describe an approach towards evaluating the benefits of implementing PCIP.

3.9. Logic models are useful to develop when beginning new initiatives (such as PCIP) to describe how it might work. In other words: what resources are required; what activities will be undertaken; what impact will these have; and what variables may influence whether benefits are / are not realised. It

4

is important to note that due to these confounding variables, logic models are hypothetical and have scope to change over time. As this logic model is at a programme level, it may be several years before a full suite of benefits are realised.

3.10. There are several points that the PCIP Implementation Group feel is appropriate to highlight. These include:

- PCIP is being implemented during a period of instability for general medical practice in Aberdeen City, for example challenges recruiting GPs in Torry Medical Practice, the closure of Rosemount Medical Practice and partners at Carden Medical Practice choosing to end their contract with the ACHSCP. Therefore, improving the sustainability of general practice would be a positive outcome from PCIP. Once the full Memorandum of Understanding has been rolled out and practices can rely on a full service, they can start to look at changes to the way in which they operate (for example, providing longer patient consultations).

- The delivery of PCIP needs to be flexible to meet the needs of individual practices. For example, different areas of the city have a different patient population; a different composition of patients living with chronic conditions and differing deprivation levels, all of which should be considered at a local level. Therefore, 'what works' may be different for different practices.

- There is no requirement for practices to engage in any evaluation activity. The only evaluation activity that is contractually required is Health & Social Care Partnerships fulfilling the Memorandum of Understanding outlined in the new GP contract. This is a limitation of the new agreement and directly impacts the data collection methods that can viably be used. For example, inundating practice staff with numerous questionnaires will not be feasible, particularly in independent practices. There is an opportunity to complete more rigorous data collection within 2C Practices (where the staff are employed by NHS Grampian), however this will not be fully generalisable to all Practices.

3.11. Careful consideration is required when selecting appropriate metrics to measure. For example, patients regularly attend consultations with a GP for

5

more than one issue, therefore implementing a physiotherapist to deal with their back pain may not reduce the number of consultations altogether should they have other issues. Complexities such as this are important to consider.

3.12.   The developed logic model which encapsulates the above will be presented to the Committee.

4. Implications for IJB

4.1.   **Equalities** - Equalities implications are considered on a project by project as well as programme wide basis.

4.2.   **Fairer Scotland Duty** - There are no implications as a direct result of this report.

4.3.   **Financial** – Transformation is key to ensuring financial sustainability of the partnership.

4.4.   **Workforce** - Workforce implications are considered at project, programme and overall portfolio levels.

4.5.   **Legal** -There are no direct legal implications arising from the recommendations of this report.

4.6.   Other - NA

5. Links to ACHSCP Strategic Plan

5.1.   The activities within the transformation programme seek to directly contribute to the delivery of the strategic plan.

6. Management of Risk

6.1.   **Identified risks(s)**

Risks relating to the Transformation Programme are managed throughout the transformation development and implementation processes. The Executive Programme Board and portfolio Programme Boards have a key role to ensure that these risks are identified and appropriately managed. High level risks to programme delivery and mitigating actions are identified within progress reports reported on a regular basis to the Risk, Audit and Performance Committee.

6

RISK, AUDIT AND PERFORMANCE COMMITTEE

6.2. **Link to risks on strategic or operational risk register:**

The main risk relates to not achieving the transformation that we aspire to, and the resultant risk around the delivery of our strategic plan, and therefore our ability to sustain the delivery of our statutory services within the funding available.

2. There is a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and project an overspend.

7. Failure to deliver transformation at a pace or scale required by the demographic and financial pressures in the system.

8. There is a risk that the IJB does not maximise the opportunities offered by locality working.

9. There is a risk that if the system does not redesign services from traditional models in line with the current workforce marketplace in the city, this will have an impact on the delivery of the IJB Strategic Plan.

6.3. **How might the content of this report impact or mitigate these risks:**

This paper brings to the attention of the Risk, Audit and Performance Committee information about our transformation programme, in order to provide assurance of the scrutiny provided across our programme management governance structure in order to help mitigate against the above risks.

Approvals	
Sandra Macleod	Sandra Macleod (Chief Officer)
[signature]	Alex Stephen (Chief Finance Officer)

7

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Risk, Audit and Performance Committee Transformation Progress Report

Period: October – December 2019

- Demand Management
- Prevention
- Conditions for Change
- Digital & Data
- Accessible & Responsive Infrastructure

Contents

Notes page

- Explanation of RAG – this is completed by the Programme Manager using their professional judgement. Each programme is analysed and the judgement takes into account project gateways delivered, financial spend versus actuals, associated risks/issues being mitigated and resolved. These criteria are discussed collaboratively between Programme Managers and other critical colleagues to ensure consensus is reached.

- Performance Indicators – these are key performance indicators to demonstrate progress of overall programme.

- Status Reports timelines: these are produced in line with agreed reporting timelines for each project (6-weekly, quarterly, 6-monthly, annual)

- Risk / Issues are captured at project level on the RAID (Risk, Assumptions, Issues, Dependencies) report which is presented at project team meetings. The risk and issues included in this report are for oversight of the programme and derived looking at overall risks and mitigating actions against the overall implementation of the programme. This also includes financial risk.

Transformation Programme Overview
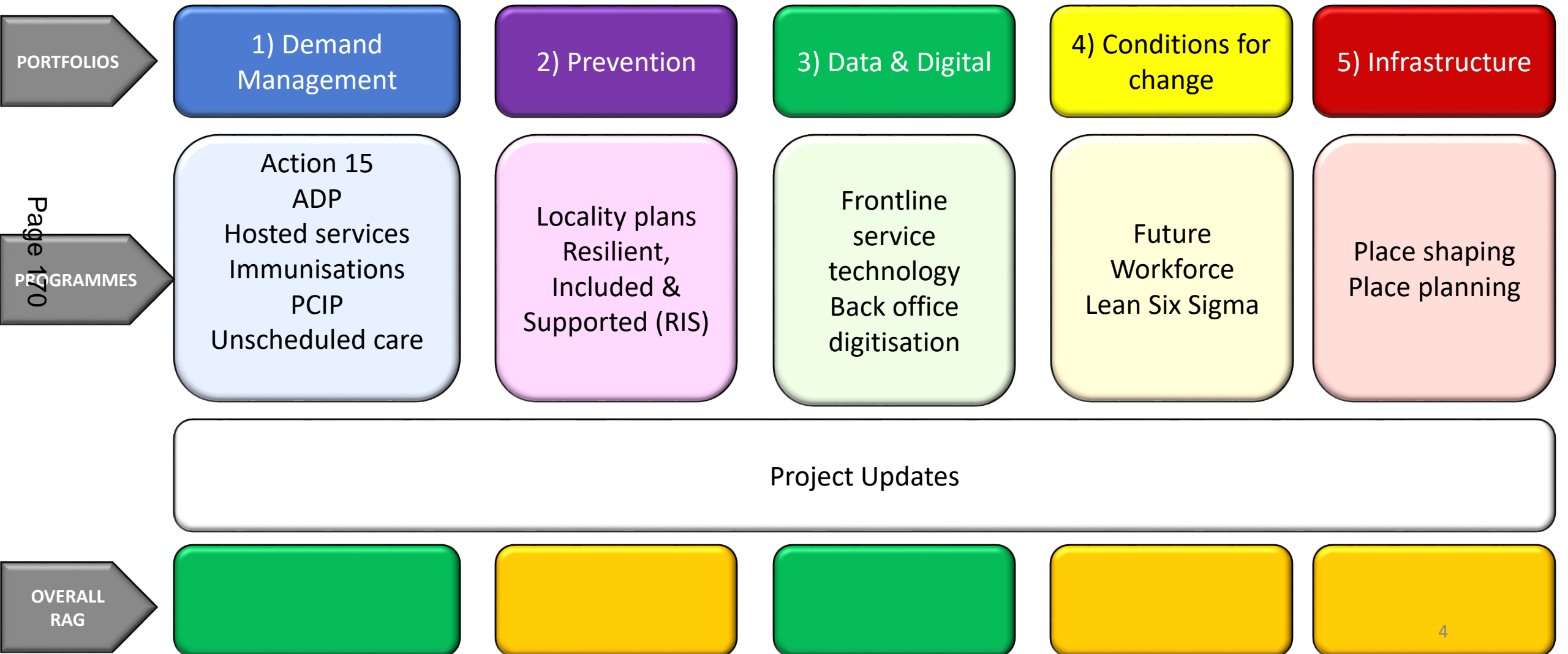
PORTFOLIOS

1) Demand Management	2) Prevention	3) Data & Digital	4) Conditions for change	5) Infrastructure

PROGRAMMES

Action 15 ADP Hosted services Immunisations PCIP Unscheduled care	Locality plans Resilient, Included & Supported (RIS)	Frontline service technology Back office digitisation	Future Workforce Lean Six Sigma	Place shaping Place planning

Project Updates

OVERALL RAG

4

PROGRAMME STATUS SUMMARY

3) Data & Digital Reporting

PROGRAMMES	Frontline service technology	Back office digitisation
RAG		

4) Conditions for Change Reporting

PROGRAMMES	Lean Six Sigma	Future Workforce
RAG		

6

5) Accessible and Responsive Infrastructure

PROGRAMMES

Place shaping

Place Planning

RAG

PROGRAMME: ACTION 15

PROJECT	PROGRESS	PERIOD UPDATE
Primary Care Psychological Wellbeing Practitioners	AMBER	Slight delay to tender – timelines updated. Status report included
Custody Suite / A&E Mental Wellbeing Hub (Joint with A'shire)	AMBER	There has been a delay due to agreement over tender contracting with relevant statutory partner. This has been resolved,
Community Chaplaincy Listening	GREEN	Coordinator in post. Project plan identified and being progressed.
Prison Mental Health Support (Joint with A'shire)	AMBER	Business case finalised and with senior team for approval. Service provision for 2 posts (Occupational Therapy / MH Support worker)

RISKS/ ISSUES	MITIGATIONS
Commissioning timelines impacting on delivery	Delay due to agreement on tender commission. Legal advice given and now progressing.
Service user involvement & engagement	Workstreams tasked to take forward engagement at service level.
Prison model to be reworked due to recurring budget pressures	Work underway to look at budget. Business case resubmitted to senior team.

8

PROGRAMME: ALCOHOL & DRUGS PARTNERSHIP

Project	Progress	PERIOD UPDATE
Whole Family Approach	AMBER	One post recruited to on target, one out for consultation
Reducing harm, morbidity and mortality	RED	Appointment to planned roles will be delayed by 2-3 months
Service Quality Improvement	RED	Appointment to planned roles will be delayed by 2-3 months
Supporting Recovery	RED	Terms and conditions of funding being finalised with legal.
Intelligence led delivery	AMBER	Post recruited to, framework near completion
Locality Delivery	RED	Relationships developed with Public Health colleagues to advance this
ADP LOIP Projects	AMBER	Number of Project Charters approved
Custody Link Working	AMBER	SAMH are in the process of vetting staff for working within police custody suite. This is causing slight delay.

RISKS/ ISSUES	MITIGATIONS
Slow progress of investment in locality delivery may impede development of new solutions in community	Collaborative working with Public Health colleagues in localities now established – links made with view to adopting tested Health Improvement Fund approaches
Slow progress of recruitment to multiple roles means spend profile lags,	All planned roles to be recruited to by 1/04/2020

9

PROGRAMME: HOSTED SERVICES
Strategic planning of acute hospital services (set aside budget)

Project	Progress	PERIOD UPDATE
Accident & Emergency services provided within hospitals	To be commenced	
Palliative Care	AMBER	
Care of the Elderly	AMBER	
Respiratory Medicine	To be commenced	
General Medicine	To be commenced	
Rehabilitation Medicine	To be commemced	
Acute Hospital Adult Mental Health (TBC)	AMBER	

RISKS/ ISSUES	MITIGATIONS

10

PROGRAMME: IMPROVING IMMUNISATIONS UPTAKE

Project	Progress	PERIOD UPDATE
Efficient call in systems	AMBER	On target. SIRS (national appointment call system) to be implemented March 2020. Follow ups vaccination gaps progressing.
Improve Data Quality	AMBER	Seeking to move to monthly reporting
Communications Strategy	RED	Under development
Catch up clinics	AMBER	Demand identified (460 per year).
Vaccination Transformation Programme (VTP)	AMBER	Interim vaccinations plan developing. Required capacity identified. Provisional clinics identified.

RISKS/ ISSUES	MITIGATIONS
Insufficient immunisation nurses to enable programme delivery	Planning being undertaken to support recruitment to commence in Spring 2020
Poor data quality	SIRS implementation, Follow ups, move to monthly reporting
Capacity of operational staff to undertake planning and implementation	Additional capacity will be sought as part of Vaccination Transformation Programme
Current immunisation team structure	Bringing together immunisation teams management through programme

UPTAKE PERFORMANCE: Quarter 3
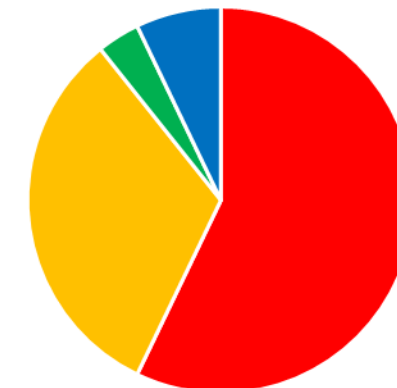
■ <85%   ■ 85 - 95%   ■ >95%   ■ N/A or not known

PROGRAMME: PRIMARY CARE IMPROVEMENT PLAN

Project	Progress	PERIOD UPDATE
Vaccination Transformation Programme	AMBER	On target. Separate programme in place to drive forward.
Pharmacotherapy Services	AMBER	On track, but limited by recruitment
Community Treatment & Care Services	RED	Draft Implementation plan in development
Urgent Care (Advanced Practitioners)	RED	On track, roll out plan at implementation stage – challenges with recruitment
Additional Professional Roles	AMBER	On track, roll out plan being implemented
Community Link Practitioners	GREEN	Complete. No. of referrals: 604 Onwards referrals: 378

RISKS/ ISSUES	MITIGATIONS
Some practices have lower levels of referrals	These all have been contacted and work has begun to do a deep dive and sharing data on a quarterly basis so that practices can make own improvements.
Workforce - challenges with availability, recruitment, training & management of staff whilst keeping up with the pace or change and community needs.	Ongoing engagement with key stakeholders and the ongoing refinement of implementation proposals to deliver the plans
Finance - Drawdown of resource and full roll out of PCIP is not fully funded via PCIF (if workforce challenges did not exist)	Careful financial management

12

PROGRAMME: UNSCHEDULED CARE

Project	Progress	PERIOD UPDATE
Increase interim beds capacity	GREEN	13 Guest Flats in Sheltered Housing complexes across city repurposed for use as Interim beds – all 'live' now.
Respiratory Conditions	AMBER	In development (scoping and benchmarking)
Stepped Care inc. MDT working	AMBER	First in Series of 3 Workshops delivered engaging operational team leadership - final step before scale-up city-wide

RISKS/ ISSUES	MITIGATIONS
Lag in implementing Stepped Care and Multi-disciplinary approach may impede progress of Respiratory Conditions	Workshops engaging team leaders in community have begun which will give change leadership role to colleagues impacted by change
Access First may need further development prior to implementation due to changing operational model within localities	Information to inform development of Access First captured as part of Stepped Care workshop series – added benefit of early staff engagement

13

PROGRAMME: LOCALITY PLANNING

Project	Progress	PERIOD UPDATE
Establish Locality Empowerment Groups (LEGs)	GREEN	Creation of 3 Locality Empowerment Groups. Public communication inviting participation.
Development of Locality Plans	NOT STARTED	This will begin in 2020.
Supporting SSD development and implementation	GREEN	Scottish Service Directory currently live and integrated with ALISS (A Local Information System for Scotland) services. Self service model for tier 1 services will be introduced in the new year.

RISKS/ ISSUES	MITIGATIONS
Lack of stakeholder and citizen buy-in due to move from 4 to 3 localities	Ongoing engagement with public and transparency of process.
Linkages with providers and operational staff	The LEGs have agreed representation from operational and local provider teams
People not buying into self service model.	Drafting and implementation of a communication and engagement plan to ensure buy-in. eg regular briefings.

Scotland Service Directory: 497 Listed services inclusive of Tier 1 Services submitted through ACHSCP.

14

PROGRAMME: RESILIENT, INCLUDED & SUPPORTED (RIS)

Project (highlighted approved projects)	Progress	PERIOD UPDATE
11.1.3 Improve health and wellbeing outcomes for at least 50% of homeless people participating in the Housing First programme by 2021	AMBER	Data collection in progress & currently designing changes
11.1.5 Increase the number of people with autism who are supported into employment by 2021.	GREEN	Toolkit under development & currently designing changes
11.2.1 Extend link working approach across primary care to support 3,000 people to attain their own identified outcomes by 2021.	GREEN	Ontrack, data collection ongoing and testing underway
11.3.1 Increase uptake of a range of activities that enable people with long term conditions to manage their health and well-being by 2021.	GREEN	Ontrack, data collection ongoing and testing underway
11.4.1 Reduce % of men and women who are obese to 20% by 2021.	GREEN	Ontrack, data collection ongoing and positive outcomes seen from initial testing
11.5.4 Increase opportunities for people who are retired to continue and increase their contribution to communities by 10% by 2021.	AMBER	Project in start up phase

RISKS/ ISSUES	MITIGATIONS
Capacity to provide improvement support	Developing improvement network across partners
Changing personnel and loss of tacit knowledge	Putting in place robust project team and process to ensure transition
Leadership ability to prioritise Community planning projects against business as usual work pressures	Clear project roles and responsibilities and support from line management within partner structures.

- Projects approved by Community Planning
- Projects approved by RIS
- Projects at scoping stage

15

PROGRAMME: DATA & DIGITAL

Project	Progress	PERIOD UPDATE
CareFirst Replacement	AMBER	Agreement for 3 extension for current system from April 2020. Investigation and scoping ongoing relating to procurement
Website	GREEN	Scotland Service Directory has been implemented into existing website platform. Project complete and closed.
Intranet	GREEN	Investigation commenced to plan for a version of the intranet to be hosted on SharePoint
Florence	RED	Project being led by Aberdeenshire HSCP. Project stalled as sign off still to be approved by NHSG Information Governance and IT security teams.
HV Digitisation	GREEN	Delivered first phase of project. System infrastructure and devices. Staff training ongoing, Phase 2 if digitalisation of child health record 2020

RISKS/ISSUES	MITIGATIONS
CareFirst Replacement: ACC wish to investigate the Microsoft solution	Senior Sponsors have escalated to senior leaders at ACC.
Intranet: NHSG do not have access to 0365	Office 365 project is being driven nationally with time scales to be confirmed.
Florence: unable to progress project due to Information Governance and Information Security sign off.	Additional support for IG and IS issues provided by the national team.
HV Digitalisation: DPIA and Information security phase 2 to be signed off.	Working with NHSG Information Governance and Information Security.

Working with NHSG on the development of a Grampian Wide Digital Strategy and Action Plan

16

Status Report

Project Name: Health Visitor Digitalisation

Aberdeen City Health & Social Care Partnership
A caring partnership

PM:	Eve Whyte	Sponsor(s) :	Sandra Ross	Date:	20 December 2019	Overall RAG	Green

| Progress and Achievements | Analysed Reporting Requirements
DPIA Phase 2
Analsyed Child Health record other Processes
Support Site built
Go Live Phase One Completed | | | Items for Escalation | | | |

Milestone Description	Date	RAG	Owner	Comments
Establish Project Control	23/10/2019	Green	Michelle Grant\Eve Whyte	Sign off updated PID TOR & RAID Complete 23/10/2019 Welcomed new board members for reporting & staff side representation
Identify Solution	31/07/2019	Green	Eve Whyte	Completed.
Outline Business Case Approval	03/09/2019	Green	Integrated Joint Board	IJB meeting 3rd September gave approval to progress to procurement. Completed
Procurement	29/09/2019	Green	Michelle Grant\Eve Whyte	PECOS procurement of Morse completed Servers and SQL procurement completed. Ipad & accessories procurement Complete
Implementation	30/03/2019	Green	Michelle Grant\Eve Whyte	Main tasks was the go live & support . Had meetings relating to DPA phase 2 and All the other forms out with GIRFEC which make up the child record . Enabled SCI Docs on Test
Project Close		Not Started		

Top 5 Risks & Issues			
Risk/Issue	Severity	Action	Owner
Investigating standard recruitment process for system analyst, this may have significant negative impact upon ability to recruit to the post in time for project need and will impact upon project delivery.	Medium	Progressing through the recruitment process to get a resource in post to work between eHealth and the ACHSCP. Agreement from eHealth Application Support team to provide resource for go live until Application Support Analyst in post	Michelle Grant/Eve Whyte
DPIA - Applications Support require to validate audit functionality for DPIA this can only be done once build is complete this is required for Production go live	Low	DPIA signoff - Will continue as a live document throughout project and application lifecycles.	Jill Smith /Eve Whyte / Roohi Bains
IT Security e-health Jason Strachan is leaving on the 22nd of November . Although in the main all IT security SSP has been signed off checking if post go live documentation requires to be done	Low	Sign off given for go live by Neil Gordon	Eve Whyte
Cambric - Rolling out to 1400 users Fourth Valley week beginning 9th of Dec - This may impact our go live with Health visitors	High	with the soft launch to Admins week of the 25th of November we should be ok	Eve Whyte
Forms training - because of a reschedule . Required for evaluating timings of next phase to see how much logic driven requires configuration . This will impact the next go live date for Phase 2	Medium	will reschedule with Vendor ASAP	Eve Whyte

Budget Spent	£132,137.96	IPAD new cost now factored in still within original spend	Budget RAG	Green

PROGRAMME: FUTURE WORKFORCE

Project	Progress	PERIOD UPDATE
Developing the young workforce	GREEN	DWP / Career Ready is on track. Status as at last period. Year end results available at next quarter.
Outcomes Survey	GREEN	Report delivered on time & within budget. Results reported to IJB in Nov 19. Overall positive & improvements to be identified. Project closed.
Health & Social Care Training Passport	GREEN	Change ideas and drivers have been developed and delivered. Now in test of change phase with agreement cross-providers.
Annual Conference	GREEN	Delivered on time & budget. Positive feedback. Project closed. Business as usual (incl Heart awards).
Staff attendance	AMBER	Ongoing workshops at Woodend. Staff survey completed. Improvement actions identified & work ongoing.
Self managing teams roll-out	GREEN	Rolled out to leadership team, Transforming Health & wellbeing teams. Further teams identified. Coaching successfully commissioned and begun.

RISKS/ ISSUES	MITIGATIONS
Recruitment of staff	A service level agreement with the Dept. of Work and Pensions (JobCentre plus) has been agreed
Lack of younger people joining the H&SC sector	Recruitment champions to be identified across organisation to increase external engagement.

Sickness absence rates: Partnership : 4.98% (NHS staff Nov/ Dec) Woodend: 12% (NHSG average: 4%)

18

PROGRAMME: LEAN SIX SIGMA

Project	Progress	PERIOD UPDATE	RISKS/ ISSUES	MITIGATIONS
Nursing – Albyn / Hamilton	GREEN	Baseline data collected. Initial solutions brainstormed and being developed	Capacity of trained Practitioners to undertake new projects	Scaling plan in development
Discharge Hub	GREEN	Improvement Cycle 1 go-live Jan 2020. Improvement Cycle 2 in development		Skills network survey distributed to understand capacity across the system
Sexual Health Service	GREEN	New project underway. Initial scoping meetings completed		
Wheelchair Service	AMBER	Follow-up data collection to be arranged		
Social Work Financial Assessments	GREEN	Project completed		
School-aged Immunisations	GREEN	Project completed		

Social work financial assessment team deals with over 700 queries & 34 assessments completed monthly

19

PLACE PLANNING (Capital Programme)

Project	Progress	PERIOD UPDATE
Countesswells (Interim)	AMBER	IJB approval of business case required due to reversal of decision (June).
Countesswells (Full) SCIM (TBC)	GREEN	Place-making group agreed approach to co-location. Develop strategic outline case
Danestone SCIM	AMBER	Project timescales aligning with Ellon & Banchory
Denburn/Aurora SCIM	GREEN	FBC submission April. Construction commence Summer
North Corridor SCIM	RED	CIG requested additional work. Currently on hold pending confirmation of SG funding.
Timmermarket/ Marywell	TBC	To be commenced – will link into 2C review

RISKS/ ISSUES	MITIGATIONS
There is a risk that the Scottish Government Capital Investment Group does not approve funding	Ongoing and regular communications with SG
There is a risk of changes in the GMS landscape (i.e. practice closures) which impact on plans.	Monitoring GMS landscape. Close working relationships with Primary Care Team. Multi-purpose building design.
There is a risk that projects progress without enough alignment with other programmes within the transformation	Inclusion of Capital reporting in RAP to help ensure alignment; closer linking of capital & transformation teams.

Capital projects which follow SCIM guidance are reported to 3 interconnected programme boards.

20

REPORT END

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Aberdeen City Health & Social Care Partnership
A caring partnership

RISK, AUDIT AND PERFORMANCE COMMITTEE

Date of Meeting	25 February 2020
Report Title	Finance Update as at end December 2019
Report Number	HSCP.19.102
Lead Officer	Alex Stephen, Chief Finance Officer
Report Author Details	Scott Thomson (Management Accountant) James Boulton (Finance Lead – ACH&SCP)
Consultation Checklist Completed	Yes
Directions Required	No
Appendices	a) Finance Update as at end December 2019 b) Summary of risks and mitigating action c) Progress in implementation of savings - December 2019 d) Virements

1.   Purpose of the Report

a)   To summarise the current year revenue budget performance for the services within the remit of the Integration Joint Board as at Period 9 (end of December 2019);

b)   To advise on any areas of risk and management action relating to the revenue budget performance of the Integration Joint Board (IJB) services.

c)   To approve the budget virements so that budgets are more closely aligned to anticipated income and expenditure (see Appendix E).

1

RISK, AUDIT AND PERFORMANCE COMMITTEE

2. Recommendations

2.1. It is recommended that the Risk, Audit & Performance Committee:

    a) Notes this report in relation to the IJB budget and the information on areas of risk and management action that are contained herein.

    b) Approve the budget virements indicated in Appendix E.

3. Summary of the financial information reported

3.1 At the end December an adverse position of £2,488,000 (£929,000 in August 2019) is forecast on mainstream budgets for the financial year 2019-20. The majority of the overspend is due to the additional cost of locums in order to provide safe staffing levels and increases in prescribing spend. The forecast overspend on the prescribing budget has moved significantly since August 2019.

3.2 The Leadership Team will be looking at areas within their budget where it maybe possible to saving money. This was part of the objective setting process where all budget holders were asked to identify in year efficiencies of one percent. The majority of the budget pressures being experienced this financial year are of a recurring nature and these will need to considered during the budget setting process for 2020-21.

3.3 At the end of the financial year the IJB had £5.6 million held in its reserves. The majority of this funding is committed to the previously agreed integration and change projects. A breakdown is shown below of the reserves position at the start of the financial year and a forecast of what the reserves will look like at the end of the financial year.

	01/04/19 £'000	31/12/19 £'000
Risk fund	2,500	2,500
Primary Care Improvement Fund*	120	0
Primary Care Reserve (previous unspent funding)	1,580	0
Action 15 mental health funding*	161	0
Integration and Change Funding	551	0
Alcohol and Drugs Partnership*	666	550
	5,578	**3,050**

*Estimates for illustrative purposes

2

NHS Grampian

ABERDEEN CITY COUNCIL

3.4 As can be seen from the table above the IJB still has its risk fund to protect the partners from having to provide additional funding to the IJB. However, the overspend currently being forecast will use this up in its entirety and there is no funding available in reserves to cover any movement in the forecast position between January and March 2020.

3.5 The other earmarked funds such as the Alcohol and Drugs Partnership (ADP) can only be used for the purpose they were provided and not to cover any overspends on mainstream services.

3.6 The position highlighted above closely aligns with the Medium-Term Financial Strategy, where it was intended the level of reserves would be reduced in 2019/20 to fund the transformation programme. However, the movement on mainstream services men that our risk fund will require to be used. An analysis of the variances on the mainstream budget is detailed below:

Community Health Services (Forecasted Position - £190,171 underspend)

Major Variances:

(£560,241)	Across non-pay budgets
£88,532	Under recovery on income
£281,539	Staff Costs

Staffing costs forecast to be overspent as targets not being met by vacancies. Income forecast for under recovery will be down to income from Dental patients reducing. Non-Pay underspend will primarily relate to Primary Care redesign.

3.7 Hosted Services (Forecasted Position £1,257,877 overspend)

The main areas of overspend are as follows:

Intermediate Care: Main reason for overspend medical locum costs as a result of the requirement to provide consultant cover at night within Intermediate Care. Agency nurse usage continues due to sickness/absence levels, this is currently being reviewed by members of the Leadership Team.

Police Forensic Service: Legacy of under funding issue with this budget, although additional funding has been provided by NHS Grampian.

3

Grampian Medical Emergency Department (GMED): Relates mainly to pay costs and the move to provide a safer more reliable service which has been a greater uptake of shifts across the service. Non-pay overspend due to repair costs not covered by insurance, increased costs on software and hardware support costs, increased usage of medical surgical supplies and an increase in drug costs.

Hosted services are led by one IJB, however, the costs are split according to the projected usage of the service across the three IJBs. Decisions required to bring this budget back into balance may need to be discussed with the three IJBs, due to the impact on service delivery.

3.8 **Learning Disabilities (Forecasted Position - £64,000 overspend)**

Major Movements:

£208,000	Staff costs
(£100,000)	Commissioned Services

As a result of recent changes in the resource allocation panel, and a decline in packages receiving uplifts, a favourable movement on commissioned spend is anticipated £100,000. There is an overspend on staffing due to agency staff being used to provide care due to the complexity of clients being care for by our in-house services.

3.9 **Mental Health & Addictions (Forecasted Position - £679,000 overspend)**.

Major Movements:

£287,000	Needs led mental health nursing care
£242,000	Under recovery client contributions

The overspend on commissioned services is mainly due to increased expenditure on needs led mental health nursing care coupled with under recovery on client contributions.

3.10 **Older People & Physical and Sensory Disabilities (Forecasted Position £580,000 overspend)**

Major Movements:

£580,000	Under recovery of client contributions

4

The overspend reflects under recovery on client contributions. This could partly be influenced by delays in the assessment process and clients are only being charged a minimum contribution.

3.11 Directorate (Forecasted Position £684,000 underspend)

(£824,000)   Commissioned services underspend

Mainly due to an underspend on commissioned services. This budget will fund mainstreamed spend on delay discharges and the carers strategy.

3.12 Primary Care Prescribing (Forecasted Position – £1,142,000 overspend)

This position is based upon seven months actuals to October and an accrued position for November and December. The budget to December includes the reduction for expected drug tariff savings of £1.818m and the historical contribution to global sum of £270,000. This reduction was anticipated in the prior month's accrued position, so will have a neutral impact on the IJB's.

The increased average cost per unit of £11.11 has been used in the accrual estimate for November and December. The actual volume is continuing to show an increase over the first 8 months of 2018-19, including an Information Services Division (ISD) estimate for the items received for November 2019. As such, an expected volume increase of 2.19% over 2018/19 has been included in the accrued position.

3.13 Primary Care Services (Forecasted Position - £229,213 underspend)

The GP contract uplift for 2019.20 is now been applied to the primary care actuals and budget to date and overall have been uplifted. This has resulted in a minor improved overall position in relation to Global Sum payments element which is continuing.

In November there was an improvement in position related to the prior mismatch between funding allocation for increased employers' superannuation contributions from 2019/20 received from Scottish Government being queried and actual costs being incurred which included an adverse £250,000 impact to October. Advice has now been received

5

that this allocation was wrongly calculated and is to be redistributed eliminating this adverse impact. This is now reflected in the position to December but the actual allocation is still awaited.

3.14 Out of Area Treatments (Forecasted Position - £184,000 overspend)

Forecast includes assumptions on lengths of stay etc and on this update, is showing potential overspend for year of £184,000.   Changes relate to increased lengths of stay from previous estimates for two placements and the addition of enhanced nursing services for a patient.

4   Implications for IJB

4.1   Every organisation must manage the risks inherent in the operation of large and complex budgets. These risks are minimised by the regular review of financial information by budget holders and corporately by the Board and Risk, Audit & Performance Systems Committee. This report is part of that framework and has been produced to provide an overview of the current financial operating position.

Key underlying assumptions and risks concerning the forecast outturn figures are set out within Appendix B. Appendix D monitors the savings agreed by the IJB.

4.2   **Equalities** – none identified.

4.3   **Fairer Scotland Duty** – none identified.

4.4   **Financial** – contained throughout the report.

4.5   **Workforce** – none identified.

4.6   **Legal** – none identified.

4.7   Other.

6

5   **Links to ACHSCP Strategic Plan**

A balanced budget and the medium financial strategy are a key component of delivery of the strategic plan and the ambitions included in this document.

5.2   **Management of Risk**

5.3   **Identified risks(s)**

See directly below.

5.4   **Link to risks on strategic or operational risk register:** Strategic Risk #2

There is a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and project an overspend.

5.5   **How might the content of this report impact or mitigate these risks:**

Good quality financial monitoring will help budget holders manage their budgets. By having timely and reliable budget monitoring any issues are identified quickly, allowing mitigating actions to be implemented where possible.

Should there be a number of staffing vacancies then this may impact on the level of care provided to clients. This issue is monitored closely by all managers and any concerns re clinical and care governance reported to the executive and if necessary, the clinical and care governance committee.

Approvals	
Sandra Macleod	Sandra Macleod (Chief Officer)
[signature]	Alex Stephen (Chief Finance Officer)

7

Appendix A: Finance Update as at end December 2019

Period 9	Full Year Revised Budget £'000	Period Budget £'000	Period Actual £'000	Period Variance £'000	Variance Percent %	Forecast £'000
Community Health Services	37,122	26,548	26,439	(109)	-0.4	36,932
Aberdeen City share of Hosted Services (health)	22,826	17,087	18,049	962	5.6	24,084
Learning Disabilities	35,792	26,316	26,683	367	1.4	35,856
Mental Health and Addictions	20,579	15,189	16,038	849	5.6	21,258
Older People & Physical and Sensory Disabilities	75,574	55,189	57,421	2,232	4.0	76,154
Directorate	1,659	1,241	174	(1,067)	-86.0	975
Criminal Justice	92	73	10	(63)	-86.3	99
Housing	1,860	1,395	1,133	(262)	-18.8	1,860
Primary Care Prescribing	39,313	29,295	30,126	831	2.8	40,455
Primary Care	41,058	30,810	30,655	(155)	-0.5	40,829
Out of Area Treatments	1,700	1,274	1,418	144	11.3	1,884
Set Aside Budget	46,416	34,812	34,812	0	0.0	46,416
Public Health	1,368	1,010	965	(45)	-4.5	1,240
	325,359	**240,239**	**243,923**	**3,684**	**1.5**	**328,042**
Integration and Change	2,131	1,599	1,663	64	4.0	1,936
Primary Care Improvement Fund*	1,576	1,182	1,182	0	0.0	1,576
Action 15 Mental Health*	473	355	355	0	0.0	473
Alcohol Drugs Partnership*	666	500	500	0	0.0	666
	4,846	**3,636**	**3,700**	**64**	**4.0**	**4,651**
	330,205	**243,875**	**247,623**	**3,748**	**1.5**	**332,693**

8

Appendix B: Summary of risks and mitigating action

	Risks	Mitigating Actions
Community Health Services	Balanced financial position is dependent on vacancy levels.	- Monitor levels of staffing in post compared to full budget establishment. - A vacancy management process has been created which will highlight recurring staffing issues to senior staff.
Hosted Services	There is the potential of increased activity in the activity-led Forensic Service. There is the risk of high levels of use of expensive locums for intermediate care, which can put pressure on hosted service budgets.	- Work is being undertaken at a senior level to consider future service provision and how the costs of this can be minimised. - Substantive posts have recently been advertised which might reduce some of this additional spend.

	Risks	Mitigating Actions
Learning Disabilities	There is a risk of fluctuations in the learning disabilities budget because of: • expensive support packages may be implemented. • Any increase in provider rates for specialist services. • Any change in vacancy levels (as the current underspend is dependent on these).	• Review packages to consider whether they are still meeting the needs of the clients. • All learning disability packages are going for peer review at the fortnightly resource allocation panel.
Mental Health and Addictions	Increase in activity in needs led service. Potential complex needs packages being discharged from hospital. Increase in consultant vacancies resulting in inability to recruit which would increase the locum usage. Average consultant costs £12,000 per month average locum £30,000 per month.	• Work has been undertaken to review levels through using CareFirst. • Review potential delayed discharge complex needs and develop tailored services. • A review of locum spend has highlighted issues with process and been addressed, which has resulted in a much-improved projected outturn.

	Risks	Mitigating Actions
Older people services incl. physical disability	There is a risk that staffing levels change which would have an impact on the balanced financial position. There is the risk of an increase in activity in needs led service, which would also impact the financial position.	• Monitor levels of staffing in post compared to full budget establishment. • A vacancy management process has been created which will highlight recurring staffing issues to senior staff. • Review packages to consider whether they are still meeting the needs of the clients.
Prescribing	There is a risk of increased prescribing costs as this budget is impacted by volume and price factors, such as the increase in drug prices due to short supply. As both of which are forecast on basis of available date and evidence at start of each year by the Grampian Medicines Management Group	• Monitoring of price and volume variances from forecast. • Review of prescribing patterns across General Practices and follow up on outliers. • Implementation of support tools – Scriptswitch, Scottish Therapeutic Utility. • Poly pharmacy and repeat prescription reviews to reduce wastage and monitor patient outcomes.
Out of Area Treatments	There is a risk of an increase in number of Aberdeen City patients requiring complex care from providers located out with the Grampian Area, which would impact this budget.	• Review process for approving this spend.

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NHS Grampian   ABERDEEN CITY COUNCIL

Appendix C: Progress in implementation of savings – December 2019

Area	Agreed Target £'000	Status	Action	Responsible Officer
Review processes and ensure these are streamlined and efficient	(450)		**Financial Processes** – Review of the financial assessment process is being undertaken to determine ways in which this can be sped up, to reduce delays for clients and maximise income available to the IJB. **Pre-paid cards** – Small working group nearing completion of procurement pack. Aberdeen City Council IT Team have reviewed technical specification of identified preferred provider to ensure fit with current systems prior to moving forward with direct award under Surrey Framework. Initial screening completed and currently exploring Data Protection Impact of introduction of card. Data Protection Impact Assessment has been drafted and officers are liaising with Information Governance in Aberdeen City Council to finalise. Communications for staff and service users has been drafted based on similar work in other Local Authority areas, final wording awaiting elements to be taken from procurement pack. Project has gone live and cards are being issued.	Alison MacLeod & Gail Woodcock

Appendix C: Progress in implementation of savings – December 2019

Area	Agreed Target £'000	Status	Action	Responsible Officer
Income Generation	(553)	🟧	The increase in charges was agreed at Full Council and the invoices have been issued to clients. This budget will be monitored closely over the next few months to determine whether these increases have resulted in additional income expected.	Alison MacLeod
Managing Demand and Inflation	(1,063)	🟩	Work progresses to manage demand and the reduction in the bed base in the city is helping to achieve this target. Work continues with suppliers to manage the level of inflationary uplifts required.	A Stephen
Medicines Management	(631)	🟥	Community Pharmacy operationalising (Grampian Primary Care Prescribing Group) GPCPG report recommendations. Work commenced on tracking and reporting on impact of GPCPG recommendations. Development of an Oral Nutrition Supplements Business Case, which is projected to deliver savings and constrain future demand	Lorraine McKenna

Appendix C: Progress in implementation of savings – December 2019

Area	Agreed Target £'000	Status	Action	Responsible Officer
Service Redesign	(1,934)	 	Service redesign work is taking place and budgets have been reduced to help achieve this saving. The major element of this relates to the closure of a ward at Woodend and whilst the budget has reduced, pressures are being experienced in the use locums and agency staff. The Leadership Team are working with staff at Woodend to review the use of locums and agency nursing.	A Stephen

Appendix D: Budget Reconciliation

	£	£
ACC per full council:		89,311,971
NHS per letter from Director of Finance:		
Budget NHS per letter		219,111,067
		308,423,039
Reserves:		
Brought Forward NHS		5,581,424
		314,004,463
Funding Assumptions and Adjustments:		
Less: Reserves		(5,581,424)
		308,423,039
NHS -Additional allocations received during quarter 1		
		12,073,491
ACC -Additional allocations received during quarter 1		
		1,486,000
Reported at Month 3		321,982,530
NHS -Additional allocations received during quarter 2		
		950,133
ACC -Additional allocations received during quarter 2		
Self Directed Support Transformation Funding	123,000	
		123,000
Reported at Month 5		323,055,663
NHS -Additional allocations received during quarter 3		
		4,071,216
ACC -Additional allocations received during quarter 3		
Use of reserves		3,078,337
Reported at Month 9		330,205,216

15

Appendix E: Virements

Health 6-9 Transfers in Health

Virement Name	Area Affected	
Mental Health Realignment	City Core	£74,683
Mental Health Realignment	City Learning Disabilities	(£74,683)
Realign Public Health Immunisation	City Core	£1,642
Realign Public Health Immunisation	Transformation Reserves	(£1,642)
Realign Public Health Hierarchy	Transformation & Public Health	£935,060
Realign Public Health Hierarchy	City Core	(£935,060)
Realign Innovation Funding	City Learning Disabilities	£10,000
Realign Innovation Funding	Transformation Reserves	(£10,000)
Efficient Resources Realignment	Transformation & Public Health	£201,266
Efficient Resources Realignment	City Mental Health	£140,366
Efficient Resources Realignment	City Core	(£341,631)
ICF Realignment for Acute Care @ Home	City Core	£645,959
ICF Realignment for Acute Care @ Home	Transformation Reserves	(£645,959)
Innovation Funding Realign	City Learning Disabilities	£67,894
Innovation Funding Realign	Transformation Reserves	(£67,894)
Capacity Building Funding Realign	City Mental Health	£133,307
Capacity Building Funding Realign	Transformation Reserves	(£133,307)
Virements Total		