



REPORT TO: PERFORMANCE & AUDIT COMMITTEE – 29 MAY 2018
REPORT ON: NHS TAYSIDE – INTERIM EVALUATION OF INTERNAL CONTROL FRAMEWORK 2017/18
REPORT BY: CHIEF FINANCE OFFICER
REPORT NO: PAC40-2018

1.0 PURPOSE OF REPORT

The purpose of this report is to share with the Performance and Audit Committee, NHS Tayside's Interim Evaluation of Internal Control Framework 2017/18 report.

2.0 RECOMMENDATIONS

It is recommended that the Performance & Audit Committee (PAC):

- 2.1 Notes the content of this report and the content of the NHS Tayside Internal Audit Service's Interim Evaluation of Internal Control Framework (attached as Appendix 1) including the recommendations and corresponding management actions as set out in the appendix (page 30 onwards).
- 2.2 Instructs the Chief Finance Officer to take into consideration the outcome of this review when developing Dundee Integration Joint Boards Annual Governance Statement 2017/18.

3.0 FINANCIAL IMPLICATIONS

None.

4.0 MAIN TEXT

- 4.1 At its meeting on 11th January 2018, Tayside NHS Board's Audit Committee was presented with an Interim Evaluation of Internal Control Framework 2017/18 report by the Chief Internal Auditor. The purpose of the review is to provide a focus on the governance arrangements and processes in place within NHS Tayside in order to identify realistic corporate objectives and to support and ensure their delivery. The report built on the recommendations of previous reports and from the independent Assurance and Advisory Group (AAG), appointed by the Scottish Government to provide scrutiny and challenge on the deliverability of NHS Tayside's operational plans for 2017/18 and five year transformation programme.
- 4.2 Given the challenges facing NHS Tayside, the interim report's focus is on the key risks to the achievement of transformational change, taking into account previous Annual and Interim Internal Audit reports whilst retaining a holistic overview across all governance areas. The report considered the following key aspects of governance and identifies proposed changes designed to facilitate accelerated progress:
 - Performance Management;
 - Risk Management;
 - Strategic and Transformational Change;
 - Governance and Scrutiny;

- Health and Social Care Integration;
- Finance;
- Staff Governance and Workforce Planning;
- Clinical and Care Governance;
- Information Governance and eHealth.

4.3 Audit Opinion and Key Findings

4.3.1 The Chief Internal Auditors report noted the following as key findings:

“In common with other Scottish Boards, NHS Tayside is operating in an ever more challenging environment where it is becoming increasingly difficult to achieve both performance and financial targets. This is a critical point for an organisation which, with the support of the AAG and Transformation Support Team (TST), is striving to deliver real, sustainable and effective change, resulting in fundamental improvement.”

“Given the importance of achieving strategic change whilst achieving financial balance, NHS Tayside will need to maintain a rigorous focus on key issues and develop governance structures aligned to these fundamental matters, while de-prioritising and delegating less important matters to operational management. NHS Tayside will need to resist the natural inclination in difficult circumstances to require greater and more detailed scrutiny in favour of targeted, more purposeful governance; which will free officers to focus on delivery and members to focus on the areas of greatest risk.”

4.4 Action Plan

4.4.1 The conclusion to the report (as indicated in the appendix) notes a number of recommendations which are designed to highlight key areas and suggestions for change in some areas of governance to ensure they are commensurate with the current environment and associated risks. An action plan has been agreed with NHS Tayside’s management team in order to respond to these recommendations.

4.5 Consideration for Dundee Integration Joint Board

4.5.1 As part of the overall assurance process for Dundee Integration Joint Board, the IJB as the commissioner of services provided by the partner bodies needs to be satisfied that appropriate governance arrangements and processes are in place within these partner bodies to deliver services effectively. The level of assurance provided by the partner bodies is then reflected in the IJB’s Annual Governance Statement. The Chief Finance Officer will consider the findings of NHS Tayside’s annual internal audit report once complete, including progress made to deliver the actions set out within the interim review and report back to the PAC should any issues of concern arise.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Equality Impact Assessment. There are no major issues.

6.0 RISK ASSESSMENT

Risk 1 Description	Risk that the management actions are not delivered within the timescales identified in the management response, resulting in a reduction in the level of assurance NHS Tayside can provide to the IJB.
Risk Category	Governance
Inherent Risk Level	Likelihood (3) x Impact (4) = Risk Scoring (12) High Risk
Mitigating Actions (including timescales and resources)	Actions are to be delivered primarily by NHS Tayside however the Chief Internal Auditor will continue to monitor progress against timescales and advise through their annual internal audit report of any areas of concern
Residual Risk Level	Likelihood (2) x Impact (3) = Risk Scoring (6) Moderate Risk
Planned Risk Level	Likelihood (2) x Impact (4) = Risk Scoring (8) High Risk

Approval recommendation	Given the actions required to be undertaken by NHS Tayside and the focus being given to strengthen governance arrangements the risk levels are acceptable.
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7.0 CONSULTATIONS

The Chief Officer, Chief Internal Auditor and the Clerk were consulted in the preparation of this report.

8.0 BACKGROUND PAPERS

None.

Dave Berry
Chief Finance Officer

DATE: 10 May 2018

NHS TAYSIDE
INTERNAL AUDIT SERVICE



**INTERIM EVALUATION OF INTERNAL
CONTROL FRAMEWORK 2017/18**

REPORT NO. T08/18

Issued To:

- L McLay, Chief Executive
- A Russell, Deputy Chief Executive
- L Wiggin, Chief Operating Officer
- L Bedford, Director of Finance
- IJB Chief Officers
- M Dunning, Board Secretary
- G Costello, Nurse Director
- G Doherty, Director of Human Resources and Organisational Development
- B Nicoll, Director of Strategic Change
- F Gibson, Head of Finance (Governance and Assurance)
- H Walker, Risk Manager
- L Green, Audit Committee Members' Library Copy
- Audit Committee
- External Audit

Date Reissued: 22 January 2018

Introduction & Scope

1. The Internal Audit 2012/13 annual report recognised that NHS Tayside's ability to deliver a 'gold standard' of management within the existing governance framework may be impacted by unprecedented financial pressure faced by both the organisation and by the NHS in Scotland. As the environment across NHSScotland became increasingly challenging, our 2015/16 Interim Review reflected that whilst many of NHS Tayside's governance arrangements were robust, they were operating within a system facing severe pressures. An overall diminution in the control environment did not necessarily reflect a decline in control, rather it indicated that the environment had become more difficult, associated risks had increased and therefore existing controls may not have been resilient to substantially different and increased pressures. Whilst the systems of control in place at that time were robust in principle, they failed to provide an early indication of the difficulties that the Board was facing. Subsequent Internal Audit annual and interim reports have developed this theme and highlighted the challenges facing NHS Tayside and the in particular the need for the Board to assure itself that it had sufficient capacity and capability to deliver long-term strategic change, whilst delivering significant short-term savings whilst continuing to deliver business as usual.
2. Previous internal audit annual and interim reports have identified a number of fundamental issues and contained a series of high priority recommendations, set in the context of an increasingly challenging local and national risk environment.
3. The Internal Audit Annual Report 2015/16 noted that whilst initiatives were being progressed which were intended to address deep-rooted issues previously identified by internal audit, there was a need for NHS Tayside Board to assure itself that it has the necessary capacity and capability to deliver transformational change whilst improving performance.
4. The Internal Audit Annual Report 2016/17 further highlighted that NHS Tayside needed to complete an extremely challenging transformation programme in the context of severe financial pressure and a rapidly rising risk profile and concluded that whilst progress had been made, the pace of change needed to accelerate.
5. In April 2017, the Scottish Government appointed an independent Assurance and Advisory Group (AAG) to provide scrutiny and challenge on the deliverability of NHS Tayside's operational plans for 2017/18 and the five-year transformation programme. The AAG's June 2017 staging report highlighted that, given the current pace of progress of the transformation programme, they were not confident that the board could return to financial balance within a five-year timescale. The report detailed ten recommendations that Tayside NHS Board were required to implement as a matter of priority. The next AAG report is expected in January 2018.
6. The Audit Scotland report 'NHS in Scotland 2017', published in October 2017, stated that maintaining the quality of care across Scotland is becoming increasingly difficult. The report stated that '*the NHS faces increasing challenges and crucial building blocks to*

enable change still need to be put in place' and illustrated the need for fundamental changes to the way that healthcare is planned, managed and delivered at all levels in Scotland.

7. Traditionally, Internal Audit interim reviews have provided a detailed overview of all governance areas and processes. Given the materiality and immediacy of the challenges facing NHS Tayside, this interim report focuses on key risks to achievement of transformational change, taking account of previous Annual and Interim reports (linked where appropriate to the ten AAG recommendations) whilst retaining a holistic overview across all governance areas. Our report identifies proposed changes to assurance processes and governance structures to facilitate accelerated progress, scoped under the following headings:

- Performance Management;
- Risk Management;
- Strategic and Transformational Change;
- Governance and Scrutiny;
- Health and Social Care Integration;
- Finance;
- Staff Governance and workforce Planning;
- Clinical and Care Governance;
- Information Governance and eHealth.

Objective

8. This review focused on the governance arrangements and processes to identify realistic corporate objectives and support and ensure their delivery.

Risks

9. The following risks could prevent the achievement of the above objective and have been identified as within scope for this audit:

- Current management and governance arrangements may not be sufficient to allow NHS Tayside to achieve its transformation and strategy objectives and reach a sustainable organisational model;
- Assurances on transformational change provided to the Board and Standing Committees may not have the necessary focus on delivery and scrutiny mechanisms may not be appropriately focussed on progress and risks to delivery.

10. The status of recommendations from previous Interim and Annual reports is regularly reported to Audit Committee.

Audit opinion and key findings

11. In common with other Scottish Boards, NHS Tayside is operating in an ever more challenging environment where it is becoming increasingly difficult to achieve both performance and financial targets. This is a critical point for an organisation which, with the support of the AAG and Transformation Support Team (TST), is striving to deliver real, sustainable and effective change, resulting in fundamental improvement.
12. Given the importance of achieving strategic change whilst achieving financial balance, NHS Tayside will need to maintain a rigorous focus on key issues and develop governance structures aligned to these fundamental matters, while de-prioritising and delegating less important matters to operational management. NHS Tayside will need to resist the natural inclination in difficult circumstances to require greater and more detailed scrutiny in favour of targeted, more purposeful governance; which will free officers to focus on delivery and members to focus on the areas of greatest risk.

Action

13. This report highlights a number of ongoing key activities. We will consider the implementation of these activities as part of our year-end work to inform our annual report which in turn informs the governance statement in the Board's annual accounts. The recommendations within this report are designed to highlight key areas and suggest adaptations to governance arrangements to ensure they are commensurate with the current environment and risks. Given the changing control environment highlighted within this report, they are intended to enhance and replace previous recommendations which need no longer be monitored under the follow-up system.
14. An action plan has been agreed with management setting out the required actions and improvements arising from the issues identified in this report. A follow-up of implementation of the agreed actions will be undertaken in accordance with the audit reporting protocol.
15. Given that this report covers all aspects of Governance, we would suggest that it is shared with all Standing Committees for detailed consideration of the relevant findings and monitoring of key recommendations as well as of key actions being instigated by management.

Acknowledgement

16. We would like to thank all members of staff for the help and co-operation received during the course of the audit.

A Gaskin BSc. ACA
Chief Internal Auditor

NHS Tayside Performance Management

Internal Audit have previously highlighted the need for performance reports to highlight areas in which performance is not acceptable, identify action being taken to address performance and assess the effectiveness of actions taken to date. We also recommended a mid-year Board Development Event to take stock of progress to date and draw together the disparate strands of performance and risk for a holistic view of whether NHS Tayside is on track to achieve objectives; as well as recommending regular reporting against the LDP.

Background

The Audit Scotland 'NHS in Scotland 2017' report stated: *'Demand for health services continues to rise but previous approaches of treating more people in hospital are no longer enough. People are waiting longer to be seen with waiting lists for first outpatient appointment and inpatient treatment increasing by 15 per cent and 12 per cent respectively in the past year. The majority of key national performance targets were not met in 2016/17 and wider indicators of quality suggest that the NHS is beginning to struggle to maintain quality of care'*. As set out in the Audit Scotland report, in 2017 NHS Tayside performance was above the Scottish average for CAMHS, Drug & Alcohol treatment, Referral to Outpatient treatment within 12 weeks, A&E patients seen within 4 hours and the 62 day cancer target.

Current Activities and Looking Forward

Local Delivery Plans (LDPs) set out how boards intend to deliver services to meet performance indicators and targets, as well as setting out indicative spending plans for the next three years. Whilst the financial position has been closely monitored in year and the elements relating to national targets are reported to each meeting, the Board has not been provided with an update on progress against the LDP as a whole during 2017/18 as recommended by and agreed with Internal Audit.

In common with almost all mainland NHS Boards, NHS Tayside has ongoing difficulties in consistently meeting all of the national targets, albeit NHS Tayside has outperformed the national average in some areas.

Performance is not dissimilar to the position reported by Audit Scotland although some performance data is temporarily unavailable. NHS Tayside is required to present an LDP demonstrating that national targets will be met, although for many, there is no realistic prospect of them being achieved across NHS Scotland, which means that it is currently difficult to assess performance in any meaningful fashion.

NHS Tayside was not successful in appointing a Director of Performance earlier this year and took interim steps to mitigate this gap. We have been informed that that it is intended that an appointment will be made in the final quarter of this financial year .

Recommendation 1

The NHS Tayside Board should consider how best to maintain effective performance management in an environment where the majority of SGHSCD mandated targets are not being met by most mainland NHS Boards. It should also consider how the 2018/19 LDP can provide realistic, challenging targets achievable within available resources in the context of statutory requirements and national targets.

Recommendation 2

The Board should identify an independent senior officer with responsibility for the production of objective, comprehensive, transparent and balanced performance reports to the newly constituted Performance and Resource Committee which provide a holistic picture of performance across all areas including national targets, Finance, Resources, Staff, Clinical and eHealth, as well as making clear linkages between these in a format that:

- Allows periodic reporting on LDP targets;*
- Clearly Identifies issues;*
- Provides a summary of performance standards and targets that have not been met, challenges faced, barriers to achievement, potential solutions and an assessment of the impact of previous actions;*
- Identifies patterns and performance trajectories;*
- Overtly links to risks.*

The 29 September 2017 TST report set out the status of key actions taken to date to address the ten recommendations from the AAG Staging Report. NHS Tayside has responded pro-actively to the AAG report by producing an Action Tracker to monitor progress of implementation of the recommendations. The Action Tracker is reported to the TST on a weekly basis. The December 2017 Board meeting was informed that eight of the ten key recommendations were assessed as amber with only two at red , an improvement from the September position.

Whilst the action tracker has been valuable in demonstrating progress and creating an environment in which change can take place, its maintenance and monitoring, whilst necessary in the circumstances in which the Board found itself, has consumed considerable management time. The AAG noted that work now needs to focus on developing robust interventions to address any inappropriate variation and we would concur with this assessment.

Recommendation 3

The continued use of the Tracker Tool should be evaluated to determine whether it is the most efficient method of monitoring progress in delivering these key objectives, giving careful consideration to balancing the necessity of effective oversight against the time and effort required to maintain it.

Risk Management

Previous Internal Audit reports have reported the need for a regular horizon-scanning exercise to ensure the Board Assurance Framework (BAF) includes all fundamental risks as well as recommending that the Risk Management function is aligned with executive responsibility and that strategic management of the overall portfolio of risks is not compromised by quotidian clinical governance activities. Overall, we have concluded that risk identification and recording processes are generally strong but that actions to mitigate risk have not always been effective. The BAF as well as the Risk Profile for HSCI should be continuously reviewed and reported through the Strategic Risk Management Group and in regular reporting through Board and Committees.

Current Activities and Looking Forward

The Strategic Risk Profile was presented to the August 2017 Board meeting with 81% of risks rated 'High' or 'Very High', including the Strategic Financial Plan with the highest possible score of 25, and Infection Control, Capacity and Flow, the three Workforce risks, Mental Health and Managed 2C practices with scores of 20. As at October 2017, four (19%) of the 21 Strategic Risks exceeded the organisations' risk appetite.

While Strategic Risks are regularly and well reported through assurance structures, poor attendance at the Strategic Risk Management Group (SRMG) has been a recurring issue and has been periodically discussed by the Audit Committee. The SRMG has a key role in managing the strategic risk profile to the lowest possible level and ensuring that controls in place are sufficiently robust to mitigate risks, with a focus on operational / management actions. Whilst the group has met only twice in 2017/18, rather than the scheduled three meetings, we were pleased to note that the November 2017 meeting was well attended and a thorough review of the strategic risk profile undertaken. Review of Strategic Risks though the SRMG is key and it is vital that good attendance at the SRMG is maintained and that all members are actively and collectively contributing to the management of all corporate risks across NHS Tayside.

Whilst a number of informal discussions have taken place regarding strategic alignment of risk within the corporate structure, no formal outcome has yet been reached, possibly due the absence of a Director of Performance and interim arrangements have been put in place under the Board Secretary.

Strategic and Transformational Change

The 2015/16 Interim Review noted the introduction of the Five Year Transformation Programme with the key message that the pace of transformational change would need to be far greater than in previous years. The Internal Audit 2015/16 Interim Review recommended that the process for implementation of revised strategic planning arrangements should be completed and reported to Board, and that the Board should review the resources and capacity available to deliver the required improvements and specifically that the transformation workstreams had the capacity to implement the required changes within the necessary timescales.

Over the winter months, Internal Audit will complete two benefits realisation audits on Workforce and Medicines Management. The scope of these audits is currently being discussed with Management.

Background

- During 2015/16 NHS Tayside provided narrative to the Scottish Government setting out the planned Tayside Integrated Strategy (the corporate strategy) in line with the emerging National Clinical Strategy;
- In June 2015 NHS Tayside approved a clinical services strategy document 'NHS Tayside Draft Clinical Services Strategy - Reshaping Clinical Services for The Future'. Subsequent to this a number of individual service strategies were approved by the Board including Older People, Primary Care, Mental Health, Shaping Surgical Services, Maternity Services, Paediatric Services and Cancer Services. The next stage in this process was a collation of these individual service strategies with a view to describing an integrated strategy for 2017-2027, that will provide a 'master plan' for NHS Tayside, reflecting national policy drivers;
- The Board approved the Communications and Engagement Action Plan for the clinical strategy in August 2017 and an update was presented to Board on 26 October 2017;
- At the February 2015 Board, members supported Directors in carrying out a review of the organisation's strategic planning infrastructure to ensure that it was fit for purpose, although no output from this work has formally been received by the Board. The 25 June 2015 Board was informed that there was no dedicated planning function within NHS Tayside, and that the draft Clinical Services Strategy had been put together in a very short timescale. NHS Tayside has recognised that traditional approaches to making efficiencies are producing declining savings, and that new thinking was needed in 2015/16 and beyond to ensure services are sustainable.
- NHS Tayside's transformation programme 2017/18 to 2021/22 aims '*to improve the sustainability of services and enhance the quality of care*'. The programme is focused around six workstreams, underpinned by local clinical strategies and service redesign priorities and is overseen by the Transformation Programme Board. The Transformation Programme Annual Report was presented to Tayside NHS Board on 31 August 2017.

- The Scottish Government Transformation Support Team (TST) was created to provide expert advice and leadership support to the NHS Tayside Executive Team and Non-Executive Board members as they developed their plan to implement the ten AAG report recommendations. On 29 September 2017 NHS Tayside published their first Self Assessment Report and the TST issued their report on NHS Tayside's progress to date. The TST continue to support NHS Tayside. In relation to performance and delivery, the AAG recommended further and appropriate delegation of decision-making to managers and staff at operational level in order to ensure that executive director level capacity is released for strategic development and transformation of services.

Relevant AAG Recommendations included a realistic timeline for completion of the Integrated Clinical Strategy and early, meaningful and sustained engagement in partnership with its staff, its stakeholders and moreover the public and political representatives.

Current Activities and Looking Forward

The national Health and Social Care Delivery Plan was published in December 2016 and made a commitment to put in place new arrangements for the regional planning of services. NHS boards have been asked to work together in three regional groups, North, West and East and produce a first draft plan by September 2017. While NHS Tayside is aligned to the North, Tayside's relationship with Fife is recognised and the opportunity to work across regional boundaries still exists.

The Integrated Clinical Strategy (ICS) will support the work of the 'Five Year Transformation Programme' as well as the requirements of the 'Health and Social Care Delivery Plan', the Health and Social Care 'Joint Commissioning Plans' and the LDP. The programme of work to produce the ICS is being managed by the NHS Tayside Transformation Programme Board and supported by the TST.

Progress to date includes:

- development of a communication and engagement plan with a detailed timeline to ensure that engagement with key stakeholders is achieved;
- a two day event was held in September 2017, 'Building our Future Together', that brought over 100 people together from clinical teams, managers, staff side, local authority colleagues, members of the public and partner organisations.
- As reported to Board in October 2017, the Shaping Surgical Services and Mental Health redesign are in alignment with the governing principles of the ICS, underpinned by the 5 year Transformation Programme and One Year Operational Delivery Plan;
- The Leadership Team and the three HSCPs are exploring how Joint Commissioning Plans will inform pathways of care for the future commissioning of healthcare services;
- NHS Tayside has secured external input for advice on the overall content of the Strategy and specifically for the required public engagement prior to agreement of the Strategy.

- A Board Development Event focusing on the Strategy was held on 30 November 2017 with a focus on Strategic Principles which included examples of new strategies in progress as well as the engagement processes being adopted.

The Business Case for Shaping Surgical Services has been approved by the Transformation board and the F&RC, and will be presented to the January 2018 Board.

A staging report to the December 2017 Board meeting sets out the vision for the delivery of services across NHS Tayside which aligns with the National Clinical Strategy, Realistic Medicine, Draft Regional Plan and the Health and Social Care Delivery Plan and local priorities, including the strategic plans of the three Health and Social Care Partnerships. . The staging report indicates that extensive consultation has already taken place. Phase II of the ICS will incorporate the development of programme management including revised governance structures, a detailed programme plan, programme reporting and risk and issue management.

Management have identified that a critical success factor for the delivery of the ICS is the ability to secure dedicated resource for Strategic Planning and a related infrastructure. For a period, it was not possible to identify and secure strategic personnel with the skill, experience and knowledge to support this significant whole system transformation and the Board was informed that the Chief Executive was working collaboratively with the TST and colleagues across NHS Scotland on this issue. The December ICS staging report states that the Planning Team will be expanded to develop our new pathways of care, to re-model services and to ensure a whole system review of service delivery. A short-term Director level appointment has been made as part of this expansion.

While a variety of measures to make savings have been employed over the last three years, future transformation of services is necessary to achieve financial sustainability and improve performance in the long run. Much of the work of the Transformation Programme Board in this year has been focused on the savings programme for 2017/18 rather than on the longer-term strategic change necessary to achieve recurrent sustainability, albeit we note that recent meetings of the Transformation Board have had an increased focus on ensuring that the organisation has the building blocks for transformation in place including the approach to innovation, retention of staff and the continuing provision of safe care and clinical and care governance.

Recommendation 4

The revised governance structures should ensure that the role of the Transformation Programme Board is focused on NHS Tayside's ability to deliver transformation, as well as assurance on the adequacy and effectiveness of programme management.

NHS Tayside will also need to be assured that:

- ***Senior Management time is focused on leadership and delivery of transformation with other issues appropriately delegated with the value and focus all senior management meetings reviewed;***
- ***Managers are held to account for the timely and effective delivery of transformation;***

- *A dedicated Strategic Planning resource has been established with the necessary skills and experience;*
- *Financial, workforce, eHealth, capital and other key strategies are aligned to and support the ICS;*
- *Individual strategies are co-ordinated with each other and with regional and IJB strategies and appropriately reflect the consultation and engagement exercises;*
- *Timescales are realistic, risks appropriately recorded and mitigated and barriers to progress recognised and resolved timeously and lessons learned and shared between projects.*

Governance and Scrutiny

The need to ensure robust governance as a key component of the framework to effect transformational change has been at the core of Internal Audit recommendations in recent years. NHS Tayside has a good track record for maintaining robust governance arrangements. However, the performance landscape and risk environment have changed dramatically in recent years and governance arrangements must adapt accordingly. NHS Tayside has been proactive in reviewing governance arrangements through the ongoing integrated reporting review.

During 2015/16, Internal Audit highlighted concerns over the depth of information provided to allow readers to understand the intelligence within Board and Committee papers, particularly the risk and finance sections, and linkages to outputs. A new assurance report template, a revised Committee Chair's assurance report format and a revised Board agenda format were introduced to improve scrutiny and assurance. We have emphasised the requirement for each Committee to ensure that it understands the Best Value characteristics assigned to it, which ones it can verify and is comfortable that those elements which cannot be demonstrated are not fundamental.

Background

- A BDE on the national Board Diagnostic Toolkit was held on 12 January 2017. A master class on 'Culture and Collective Leadership' was held on 23 February 2017 with an update on the programme, as a key enabler of the five year transformation programme, provided to the Staff Governance Committee (SGC) in June 2017. The organisation continues to progress a Compassionate and Inclusive

Leadership and Culture Change programme and the TST have stated that they expect an analysis of the outcomes of coaching arrangements together with a detailed leadership development plan by December 2017.

- The Audit Scotland 'NHS in Scotland 2017' report included a 'Self Directed Support checklist for councillors and board members' which is designed to help non-executive directors with their role in overseeing the performance of NHS boards and is aimed at promoting good practice, scrutiny and challenge in decision-making.

Relevant AAG recommendations included the need to maximise opportunities for induction and development of non-executive members to ensure robust and effective governance and scrutiny of the executive function of the Board. Leadership and continuous scrutiny of a very high order will be required for all aspects of strategic planning to deliver sustainable transformation over the next five years and rigorous scrutiny and governance to ensure effective and timely delivery. The AAG also questioned why improvements in scrutiny had not lead to commensurate improvements in performance and delivery.

Current Activities and Looking Forward

Due to the complexity and range of issues facing NHS Tayside, Board meetings have extended to take up much of the day. This takes up the valuable time of members and officers and may mean that important issues considered towards the end of the meeting are adversely impacted. We do note that steps have been taken to make Board meetings shorter and therefore more effective, including separating items on which discussion is expected and those that are for approval or reporting and the use of the Committee Chairs' Assurance Reports; but we would still consider that further work is required to ensure shorter, focused agendas which give priority to key issues.

A Short Life Working Group with membership including the Board Secretary, the Chairs of the Audit Committee and Finance & Resources Committee (F&RC) and with the Chief Internal Auditor (CIA) in attendance, has reviewed the Standing Committee accountability and reporting structure, with a revised structure approved at the December 2017 Board meeting. Key within this redesign is the creation of a Performance & Resources Committee (P&RC) which we would commend, noting as above, that much of the work of the Transformation Board this year has been focused on short-term savings rather than longer-term strategic change. Creation of a P&RC will allow the Transformation Board to monitor progress in delivering strategic change. However, we would view this as the start of a process which should culminate in revised agendas which free up management and member time and focus on key issues and risks, noting that work to review Standing Committee remits has been completed and approved by the Board.

We have identified a number of areas where the same or similar reports have been presented to a number of Committees and or/ the Board, resulting in a reduction in the time available for officers to focus on delivery of strategic change. Given the range of challenges facing NHS Tayside it is essential that there is no duplication of effort on the part of officers or non-executives and that attention is focused on the most urgent and important issues facing the Board. There is no formal evidence from Committee papers and minutes that Committees or their Chairs

have formally discussed the issue raised by AAG in relation to scrutiny, or the options available to a Committee if they are not satisfied with progress or performance. Equally, it is not clear that Committees have undertaken a prioritisation exercise to ensure that they focus on the areas of highest importance and risk, or that agendas have changed to reflect current risks and priorities.

Good governance has always been a priority for NHS Tayside but there needs to be a recognition that the risk profile for NHS Tayside is exceptionally high at present and that governance structures and processes must adapt accordingly. Governance and accountability arrangements must be designed to support and respond to the changing needs of the organisation. Non Executive Directors have a key role in providing robust scrutiny and have a responsibility to ensure that they are effective in their review of assurances on key risks and actions, and have a sufficient understanding of whether actions being taken are working with sufficient assurance on plans to remedy poor performance.

The Board and Standing Committees should have collective clarity on governance, culture and principles that are acceptable to them and action should be taken to ensure that the following principles are overtly evident in all aspects of business, many of which are in place at present but should be formally acknowledged:

- *Clear expectations of acceptable progress and delivery, tempered with an understanding of risks and acknowledgement that risks may crystallise;*
- *Communication of a positive message that officers are empowered to take informed, calculated risks to achieve delivery, and this will be supported by the Board;*
- *An expectation that officers will notify and address poor performance in a timely way;*
- *A clear communication that in circumstances where officers are aware of a fundamental problem and fail to escalate the issue and take necessary action, this is unacceptable;*
- *A collective understanding from members that NHS Tayside must deliver on realistic targets which requires the Board and its Committees to ensure that targets are meaningful and realistic and then to ensure that all possible actions have been taken to meet them.*

Recommendation 5

As part of the integrated reporting review, the current cycle of performance and assurance reporting should be evaluated to ensure that there is no over reporting or duplication, that Committees are focused on the issues of highest priority and risk and that it is fully aligned to the new Standing Committee structure.

Previous audit reports recommended that all Board and Standing Committee business should be driven by high priority objectives, associated risks, legislation, Standing Orders or the opportunity to add value. In the current circumstances, consideration should also be given to whether items are of sufficient materiality and urgency to merit inclusion on agendas. The Board and its Standing

Committees should review their agendas and workplans to delegate low-priority issues, with a ruthless focus on key priorities and reflecting the creation of the new P&RC, as well as the principles articulated above. In particular, the role of the Transformation Programme Board should focus on long-term strategic change with short-term financial savings being monitored by the P&RC.

Recommendation 6

- *The integrated reporting review should include ensuring that the Board and Standing Committees are provided with the right level and number of reports which provide an appropriate level of detail and do not contain extraneous information. As a guide, reports should:
 - *Continue to include objective and informative risk assessments;*
 - *Be focused on the key issues, actions taken to address key issues and whether or not these actions are working;*
 - *If required, an explanation of why actions to address key issues were not successful and what remedial action needs to be taken to achieve success, along with associated resource implications;**
- *Wherever possible, there should be adherence of the Standing Orders in terms of the length of meetings. Agenda planning meetings should include consideration of the order of agendas to ensure priority issues are given the care and attention they command and that all agenda items justify their inclusion.*

Health and Social Care Integration (HSCI)

Previous Internal Audit reports highlighted the requirement for substantial further work to reflect the impact of HSCI on NHS Tayside's governance arrangements, including update of the Standing Orders and Scheme of Reservation & Delegation to take account of both revised management structures and HSCI and the need for a clear, consistent and coherent understanding of accountabilities so that all parties can design comprehensive assurance systems which reflect that shared understanding, minimise duplication as far as possible and ensure that there are no omissions. We also recommended update of the HSCI corporate risk and alignment, as far as practicable, of the IJB and NHS Tayside risk registers.

A working group comprising the Chief Officers and Chief Financial Officers of the three IJBs and the NHS Tayside Board Secretary has been established to take forward the issues relating to HSCI identified within previous Internal Audit reports. The Chief Internal Auditor is also in attendance and has prepared a set of HSCI Governance principles to inform the process. These principles have been agreed by the IJB representatives subject to minor amendments and were included in a paper to the December 2017 Audit Committee, which also included a potential resolution to the two different models of integration propounded by the Perth and Kinross and Dundee/Angus IJBs. The paper sets out an action plan to take forward the governance principles as set out above in practical steps. Following this, an update to the Code of Corporate Governance and assurance arrangements to reflect integration will be taken forward. In order to implement the principles agreed at the December 2017 Audit Committee and allow governance arrangements to be updated, an action plan assigning officers to take forward arrangements for their areas of responsibilities was agreed and a working group established to progress each strand of governance.

Finance

Previous reports recommended a refocusing of the role of the Finance & Resources Committee (F&RC) to ensure better oversight of the financial position and highlighted a number of financial risks including the lack of benchmarking, the use of deferred income, failure to achieve recurrent savings and the need for significant changes to the financial planning and budget-setting processes. We also recommended that the F&RC should have an overarching role of monitoring of all capital issues with clear lines of reporting from any sub-groups established to focus on specific issues. The F&RC should receive regular, comprehensive capital reports encompassing the delivery of the PAMS and associated KPIs, backlog maintenance, disposals and capital spend.

Our reports also recommended changes to finance reports including specific reporting of recurrent and non-recurrent savings and clearer explanations of technical terms so that they are fully understood by all Committee members and provide a clear and unequivocal view of the financial position and impending issues and risks.

We also highlighted the need for the capability of the Finance Department to be reviewed to ensure that it has the required resources, configured in the best way to meet the significant financial challenges faced by NHS Tayside.

Background

- NHS Tayside has recognised that traditional approaches to making efficiencies were producing declining savings, and that new thinking will be needed to ensure services are sustainable;
- The 2016/17 Audit Scotland s22 report noted that NHS Tayside has needed financial assistance from the Scottish Government for five successive years in order to achieve financial balance. The report also highlighted the scale of the challenge NHS Tayside continues to face in meeting its financial targets and provided an update on the work currently under way to address these pressures;
- The Audit Scotland 'NHS in Scotland 2017' report, also published in October 2017, noted that NHS Tayside was the only Board to require brokerage from the Scottish Government in 2016/17, receiving £13.2 million, but also highlighted the significant financial pressures facing all NHS Boards and the need for a longer-term financial framework. The national financial position remains extremely challenging in 2017/18, with a number of NHS Boards projecting a deficit;
- The F&RC has reviewed its operations and the content and format of finance reports and, as noted above, the Committee will be replaced by a Performance & Resources Committee which will receive integrated finance and performance reports to allow a holistic view of overall performance.

Relevant AAG recommendations included urgent and robust action to maximise the likelihood of achieving the planned in-year savings and delivery of NHS Tayside's projected financial outturn for 2017/18, a rigorous and comprehensive review of the financial planning framework and restructuring the financial framework control systems ensuring that budgetary control is assured for all functions.

Current Activities and Looking Forward

NHS Tayside submitted a 2017/18 LDP which was unbalanced by £4m, recognising a level of unidentified efficiency savings. In addition, a £5.0 million element of the cost reduction programme was categorised as high risk, reflecting uncertainties around the timing of implementation and delivery.

The December 2017 Board received the Corporate Financial Report to 31 October 2017 as well as a presentation reflecting the key actions taken since July to improve the financial position and providing an update position for November. The October 2017 position reported an overspend of £6.5 m with a year-end forecast deficit of £5m, a considerable improvement from previous forecasts. The achievement of this target will be dependent on the achievement of £10.3m service actions; most of these are now assessed at Green or Green/amber with the exception of prescribing savings which are red/amber. Some of these service actions are reduced estimates of previously identified savings in prescribing and workforce.

Given that many savings were weighted towards the second half of the year there is still risk attached to the achievement of the projected deficit but the Board has achieved considerable savings and the direction of travel is positive.

We would particularly highlight the following aspects:

- The service actions include some elements which are not new but are essentially revised estimates for planned savings schemes. Whilst the original planned savings schemes were agreed by the relevant Directors, there are some elements which have not delivered in this or previous years. As noted above assignment plans have been agreed for internal audit reviews of both prescribing and workforce savings which will consider this in more detail;
- With operational expenditure above planned and recurrent savings currently below 35% instead of the planned 50%, the Board is reliant on a number of non-recurrent measures, which will create the requirement for greater savings in future years unless further inroads can be made this year;
- We welcome assurances from the Director of Finance that the Board intends to achieve its planned significant reduction in deferred expenditure, as outlined in the financial framework 2017/18 and monitored by the F&RC. Whilst we accept that it is too early to provide a complete narrative on this area, we would highlight that, whilst assurance on this area has been provided in other fora, the finance

report itself does not provide an immediate and clear understanding of the position with regard to deferred expenditure and financial flexibility;

- The service plan includes a proposal to defer capital expenditure including eHealth developments. This is not immediately reconcilable with the Board's stated intention to make the use of eHealth a fundamental element of future service redesign but we have been assured that this deferment will not impact on the future investment in eHealth required to deliver strategic change;
- From 2018/19 onwards the proportion contributed by the Board to cover health overspends within delegated functions will change, albeit the Board may now be exposed to overspends by Local Authority partners. The DoF has formally stated to the TPB and P&RC that this area of risk will be added to the Finance BAF for 2018/19;
- The clarity and comprehensiveness of financial reporting has improved but the greater detail provided may not be appropriate or necessary for all recipients. The introduction of consolidated financial and performance reporting provides an opportunity to tailor financial reports for specific audiences, allowing a greater focus on clear and easy to understand headline figures, particular risks to achievement of savings, trajectory of savings actually achieved and a clear distinction between recurring and non-recurring savings, and whether savings are incorporated in original annual budgets or savings are to be additionally identified.
- 2018/19 savings within the five year financial plan approved at the start of the year were predicated on the delivery of strategic change. Whilst the ICS should be approved before the start of the year, the achievement of material recurrent savings to the level previously anticipated from strategic change is doubtful, which will mean that a greater contribution is required from the drive to deliver optimal efficiency based on the use of benchmarking via the cost book and NSS Discovery.

A detailed Finance Workforce Plan was completed by September 2017, and new staff have been recruited, with the revised structure almost wholly operational. Discussions have taken place with IJBs over the level of financial support they require.

A revised business planning and budgeting process for NHS Tayside was agreed at an F&RC development session, including engagement and involvement of service teams in the build of business planning and budgeting to progressively restore ownership, responsibility and accountability at clinical and operational level. A truncated approach has been in place during 2017/18, laying the foundations for full implementation of the process in 2018/19. An update on the new Business Planning and Budgeting process was provided to the August 2017 Board meeting where it was noted that a process had been established to engage with service areas and in particular those at the clinical and operational levels of responsibility. The Board agreed the programme cycle for business planning and budgeting for preparation of the financial planning framework for 2018/19 and future years. The establishment of a Business Planning and Reporting Group with executive and non-executive membership to provide oversight and scrutiny of the process was agreed with meetings scheduled for October 2017 and January 2018. The overall process will be governed and monitored by the F&RC.

The December 2017 Board meeting was informed that the full Business Planning and Budgeting process was progressing, with the first series

of meetings due for completion in mid December with further follow up review meetings scheduled for January 2018. In considering the Financial Framework the 2018/19 financial plan will identify planned performance against the statutory requirements of national targets and the available elements of the ICS. We have also been informed that, in presenting the 2018/19 financial plan, the Director of Finance will confirm and demonstrate that savings targets are evidence based, realistic and supported by appropriate and relevant professional judgement and include learning from the successes and challenges experienced in previous initiatives.

Staff Governance and Workforce Planning

Previous internal audits reported that whilst staffing issues, particularly supplementary staff spend, were having a significant impact on NHS Tayside's financial position, in line with national guidance the work of the Staff Governance Committee (SGC) was primarily focused on the Staff Governance Standard. We reported the vital role of the SGC in ensuring that key workforce issues impacting on performance and finance are identified and mitigated so that NHS Tayside has the right staff in the right place for the right cost.

The Internal Audit 2016/17 Annual Report recommended that the revised senior leadership structure, in totality, should be presented to Board with assurance on capability, including business as usual, strategy production with delivery targets, delivery of strategies and working with and supporting IJBs. This action was initially scheduled for completion by 31 December 2017.

Internal Audit recommended that Health & Safety Governance responsibilities be included within the 2017/18 SGC work plan and that an annual report should be presented to the SGC. We also raised concerns over the availability and accuracy of figures for Secondary Care Doctors' appraisal and recommended that assurances be provided to the SGC including an update on the action plan to address issues raised by HIS in 2015/16.

Current Activities and Looking Forward

The Corporate Workforce Plan was presented to the Staff Governance Committee on 22 June 2017 but was based on current service models rather than future needs and provision, which had not yet been established.

Our 2016/17 annual report commended the development of a Workforce Dashboard to be reported to both the F&RC and the SGC. Links between the SGC and Clinical & Care Governance Committee have also been established. These actions have helped to ensure staff, clinical and financial aspects of key risks being considered by disparate Standing Committees are linked in a meaningful way and duplication is avoided.

NHS Tayside has developed the means to produce a detailed analysis of the workforce and will use this to build a full workforce profile, enabling the service to determine revised workforce trajectories and to inform recruitment planning and effective use of staff turnover to reshape the workforce.

As well as reports on the Workforce Review and Workforce Plan and Projections, the Staff Governance Committee and Board have been

regularly updated on a significant risk on PRI staffing and organisational workforce pressures.

NHS Tayside continues to undertake a wider workforce efficiency programme and benchmarking exercise to re-profile the workforce within available personnel and affordable resourcing by the end of December 2017.

The TST commented that 'NHS Tayside has developed improved workforce reporting which enables monitoring of actual workforce levels against establishment. More work remains to be done to analyse benchmark information and to grasp the opportunities for bringing establishment levels more into line with relevant benchmarks. However, many of the outputs of these immediate actions will also be essential to properly inform the longer term development and assessment of scenarios for redesigned services which will emerge through the Integrated Clinical Strategy'.

Eight Workforce KPIs have been developed and were approved as part of the wider suite of KPIs at the F&RC on 19 October 2017.

AAG Recommendations included the requirement to undertake an early and comprehensive review of staffing levels across all services and sites, including those delegated to or utilised by HSCPs, to build on current restructuring of the senior executive team and recruitment of non-executive members, addressing skill-mix gaps, particularly for effective strategic planning and oversight and to continue to foster and enable leadership development at all levels.

Recommendation 7

The Staff Governance Committee should again consider its remit and work plan, in conjunction with the ongoing integrated reporting review, to ensure that it is appropriately sighted and assured on workforce planning issues. As previously recommended, there should be a rigorous focus on demonstrating that workforce planning effectively supports the achievement of the Board's operational and strategic objectives, and is overtly linked to the organisation's financial position and the achievement of organisational objectives.

Rather than being based on the current service model, the Workforce Plan will need to take account of the Transformation Programme, the Integrated Clinical Strategy and associated Service Redesign, as well as the demographic challenges these highlight which will impact on the availability of suitable staff as well as future need.

During 2015/16 the Chief Executive commissioned a review of the NHS Tayside leadership model to match capacity and capability to the key strategic objectives. A revised senior leadership structure was approved by the Remuneration Committee on 12 April 2016 and on 14 March 2017 the Board paper 'Development of Senior Management Sub-Structure for NHS Tayside' provided an update on progress. At the 4 May 2017 Board meeting the Chief Executive gave a short update presentation on the Senior Management Substructure, highlighting key principles, including the commitment to grow talent, skill and leadership capability. The development of the Senior Manager Sub-Structure is ongoing, with the Corporate Nursing, Finance and Human Resources and Organisational Development restructures nearing completion. Significant work is being undertaken on the workforce planning projections to inform the ongoing Corporate Services review, focusing on the Board Secretariat.

The Chief Operating Officer's sub-structure review is in progress and the finance department restructure is largely complete. Whilst comprehensive assurance on capacity and capability has not yet been presented to the Board, there has been significant progress since our January 2016 report.

The Operational Unit Medical Director, who has been a major asset to NHS Tayside in the resolution of significant operational issues retired at the end of December 2017 and an interim appointment has been made to this post.

On the basis of the above, consideration of capacity and capability will specifically need to take into account performance and strategic planning arrangements and identification of resources to resolve operational difficulties so that Director's can focus on strategic change.

Recommendation 8

As previously recommended, the overall NHS Tayside senior leadership structure and the supporting sub structure should be finalised and presented to Board with clear assurance on capability, including Business as Usual arrangements, Transformation and Strategy production. Assurance on the essential question of whether NHS Tayside has the capacity and capability to deliver its operational and strategic objectives should be provided to Board.

The TST have set out their expectation that by end December 2017 they would wish to see evidence that:

- establishment control is being strictly maintained with all business areas operating within establishment;
- plans to reduce the establishment have been developed and are being implemented;
- clear arrangements have been agreed for modelling and assessing the workforce requirements in relation to redesigned services;
- robust proposals, developed in partnership, are in place to respond to the results of benchmarking as well as clear arrangements for feeding in robust workforce information to inform the further development of any service reconfiguration proposals arising from the next stage of the Integrated Clinical Strategy work.

Internal Audit T15 & 22/18 – Workforce Benefits realisation will review this area in detail. The scope of this audit is currently being finalised by Management and it has already been agreed it will focus on Supplementary Staffing and rostering compliance.

Whilst the Staff Governance Committee minutes reflect detailed discussion on nursing and midwifery workforce, medical workforce discussions are not as prominent. The issues reported by Internal Audit around the accuracy of data on the number of Secondary Care Doctors who have undergone appraisal and the availability of appraisers is being taken forward with the Chair of the Clinical & Care Governance Committee.

A Health & Safety Annual Report was presented to the Staff Governance Committee on 22 June 2017. However, the Health & Safety Strategy is currently under review and as NHS Tayside had been unable to recruit to the role of Head of Health and Safety through two recruitment processes, it took steps to secure a dedicated professional support through an external provider. The Board was successful in securing a permanent appointee to the Head of Health & Safety post in December 2017. A Health & Safety Strategic Management Group has been established and is chaired by the Chief Operating Officer.

Clinical and Care Governance

Previous internal audit reports highlighted the need to provide regular and robust assurance on clinical and care governance following integration and that the R1 Group was a key element of 'Getting it Right For Everyone'. We also highlighted the need for sufficient capacity to support performance reviews across all departments, in particular Mental Health services where we identified a range of issues of concern. Previous Internal Audit reports had highlighted the high quality of NHS Tayside's clinical governance strategy and supporting arrangements.

The Mental Health Service Redesign Transformation Programme Option Review was the sole focus of the Clinical & Care Governance Committee meeting on 12 June 2017 and focused on key Issues including:

- The national shortage of Consultant Psychiatrists and reduced numbers of trainee doctors coming forward;
- The ongoing need for locum doctors to ensure safe rotas, at high risk and cost;
- The age profile of nurses working within Mental Health services and the significant number of retirements likely in the next five years.

The Clinical and Care Governance Committee assessed and provided assurances on a preferred option to provide safe, sustainable, high quality Mental Health and Learning Disability inpatient services for the people of Tayside into the future following which Perth and Kinross agreed a three month period of formal public consultation. Tayside NHS Board has also endorsed the progression to a single-site acute receiving unit on the Ninewells Hospital site as the proposal for Shaping Surgical Services. As noted above, the strategy is due to be presented to the January 2018 Board meeting prior to consideration by Perth and Kinross IJB.

There is a high risk associated with the Mental Health service which is being monitored in detail by the CCGC.

Performance reviews are still being undertaken and regular reviews have resumed within Mental Health.

After some considerable delay, NHS Tayside has decided that the R1 group should be superseded by an Integration Clinical and Care Governance Forum, convened under the auspices of the CQF. This forum first met in November 2017 and further meetings are scheduled for January and March 2018. Integrated Clinical and Care Governance will be discussed three times per calendar year, in line with the group's agreed through terms of reference. The latest CCGC meeting considered the clinical governance risk and highlighted the need to monitor the emerging integrated clinical and care governance structures and related relationships within the three IJBs. We have recently conducted audits of Clinical and Care Governance within Dundee and Perth and Kinross IJBs, these will be reported to the NHS Tayside Audit Committee following consideration at their respective Audit Committees.

Information Governance and eHealth

Internal Audit recommended that progress on DL (2015) 17 should be monitored through a robust implementation plan, reported to the IG Committee with oversight by the F&R Committee with any delays in progress included in the IG BAF. We also recommended that the eHealth Plan be approved by the Area Business IM&T Committee as a matter of priority, and then formally approved by the F&RC and that future iterations of the eHealth Delivery Plan should incorporate the NHSScotland Information Security Policy Framework with the governance arrangements for eHealth formalised within the Standing Orders of the Board.

Information Governance

The F&RC now receives Information Security Improvement and Action Plan reports which include progress on DL (2015) 17 – Information Governance and Security Measures 2015 – 2017. The eHealth plan has been approved and Standing Orders now assign its approval to the F&RC.

NHS Tayside has continued to progress development of the Information Asset Register (IAR) which will identify key assets and identify their owners. The top 21 systems within NHS Tayside have been identified and information to populate the IAR has been received for approximately 50% of the 21 critical systems. This will continue to be monitored by the IGC through the Information Security Improvement and Action Plan.

The General Data Protection Regulation (GDPR) becomes operational on 25 May 2018 and will replace the Data Protection Directive 1995. The UK Data Protection Act 1998 (DPA) will be superseded by a new DPA that enacts the GDPR's requirements. The Information Commissioner's Office has published '12 Steps for compliance with GDPR' and a programme of work to address these requirements is being progressed on an NHSScotland wide basis by the Information Governance Leads Forum. Boards are working together in a 'Once for Scotland' approach and the first GDPR checklist was submitted to Scottish Government in October 2017. A further checklist will be submitted at end January 2018.

The Scottish Cyber Resilience Strategy for Scotland: Public Sector Action Plan was published on 8 November 2017. The NHS Tayside Information Governance department is currently working to identify responsible officers for each area within the action plan and accompanying resources.

eHealth

The implementation and adoption of TrakCare has led to a range of operational issues and associated risks which are being monitored by the TrakCare Programme Board and have been considered by the F&RC and the Board. Major issues include an inability to produce accurate reports on a range of services and a lack of compatibility with existing IT systems. The Chief Executive has directed all established governance and operational groups to consider the TrakCare Risks associated with their work and take action accordingly, and that an action plan should

be prepared and executed to ensure improved adoption and mitigation for any clinical risk. The Business Unit team are liaising with Information Services Division and colleagues in other Scottish Boards to develop a solution and timescales are currently being defined.

Recommendation 9

The ICS makes it clear that eHealth will be an essential enabler for future change. NHS Tayside should learn the lessons from Trakcare to ensure that delivery of the ICS will be supported by robust eHealth developments.

Ref.	Audit Recommendation	Management Response/ Action	Action by/Date
1.	The NHS Tayside Board should consider how best to maintain effective performance management in an environment where the majority of SGHSCD mandated targets are not being met by most NHS mainland Boards. It should also consider how the 2018/19 LDP can provide realistic, challenging targets achievable within available resources in the context of statutory requirements and national targets.	<p>As part of the North Boards regional working arrangements the development of LDPs for 2018/19 this will be considered at an early juncture in 2018. These will reflect the Draft Scottish Budget settlement announced in late December and will also consider performance delivery.</p> <p>This also remains an active feature of discussions between Board Chief Executives and Scottish Government</p> <p>The 2018/19 LDP will provide clear trajectories on its planned performance against the statutory requirements of national targets and engage with Scottish Government where it anticipates these will not be met.</p>	<p>Chief Executive</p> <p>March 2018</p>
2.	<p>The Board should identify an independent senior officer with responsibility for the production of an objective, comprehensive, transparent and balanced performance reports to the newly constituted Performance and Resource Committee which provide a holistic picture of performance across all areas including national targets, Finance, Resources, Staff, Clinical and eHealth, and makes clear linkages between these in a format that:</p> <ul style="list-style-type: none"> ➤ Allows periodic reporting on LDP targets; ➤ Clearly Identifies issues; ➤ Provides a summary of performance standards and targets that have not been met, challenges faced, barriers to achievement, potential solutions and an assessment of the impact of previous actions; 	<p>The Board is committed to developing an Integrated Performance Report for the newly constituted Performance & Resources Committee (P&RC) from April 2018.</p> <p>The appointed Lead Officer and Chair of the P&RC will jointly in the lead up to the new financial year consider best practice in order to ensure the report developed will meet the requirements set out.</p>	<p>Chair of P&RC/ Director of Finance</p> <p>March 2018</p>

Ref.	Audit Recommendation	Management Response/ Action	Action by/Date
	<ul style="list-style-type: none"> ➤ Identify patterns and performance trajectories; ➤ Overtly links to risks 		
3.	<p>The continued use of the Tracker Tool should be evaluated to determine whether it is the most efficient method of monitoring progress in delivering these key objectives, giving careful consideration to balancing the necessity of effective oversight against the time and effort required to maintain it.</p>	<p>The use of the Tracker Tool will be considered in the early part of 2018.</p>	<p>Director of Strategic Change/ Transformation Programme Director</p> <p>March 2018</p>

Ref.	Audit Recommendation	Management Response/ Action	Action by/Date
4.	<p>The revised governance structures should ensure that the role of the Transformation Board is focused on NHS Tayside’s ability to deliver transformation, as well as assurance on the adequacy and effectiveness of programme management.</p> <p>NHS Tayside will also need to be assured that:</p> <ul style="list-style-type: none"> • Senior Management time is focused on leadership and delivery of transformation with other issues appropriately delegated with the value and focus all senior management meetings reviewed; Managers are held to account for the timely and effective delivery of transformation; • A dedicated Strategic Planning resource has been established with the necessary skills and experience; • Financial, workforce, eHealth, capital and other key strategies are aligned to and support the ICS; • Individual strategies are co-ordinated with each other and with regional and IJB strategies and appropriately reflect the consultation and engagement exercises; • Timescales are realistic, risks appropriately recorded and mitigated and barriers to progress recognised and resolved timeously and lessons learned and shared between projects. 	<p>The Tayside NHS Board considered and approved a revision to its committee governance structure at its meeting in December 2017.</p> <p>This provides clarity on the focus and remit of the Transformation Programme Board.</p> <p>The workplan of the Transformation Programme Board will be designed to ensure the necessary assurances are delivered.</p> <p>The revised committee structure is effective from April 2018.</p>	<p>Chief Executive</p> <p>March 2018</p>

Ref.	Audit Recommendation	Management Response/ Action	Action by/Date
5.	<p>As part of the integrated reporting review, the current cycle of performance and assurance reporting should be evaluated to ensure that there is no over reporting or duplication, that Committees are focused on the issues of highest priority and risk and that it is fully aligned to the new Standing Committee structure.</p>	<p>Early in 2018 the Deputy Chief Executive together with Internal Audit will be meeting with Committee Lead Officers and Chairs to consider the year end Annual Reports and Best Value Assurance of each standing committee.</p>	<p>Deputy Chief Executive/ Board Secretary April 2018</p>
	<p>Previous audit reports recommended that all Board and Standing Committee business should be driven by high priority objectives, associated risks, legislation, Standing Orders or the opportunity to add value. In the current circumstances, consideration should also be given to whether items are of sufficient materiality and urgency to merit inclusion on agendas. The Board and its standing Committees should review their agendas and workplans to delegate low-priority issues, with a ruthless focus on key priorities and reflecting the creation of the new P&RC. In particular, the role of the Transformation Board should focus on long-term strategic change with short-term financial savings being monitored by the P&RC.</p>	<p>This will provide the opportunity to discuss, review and agree with officers the key priorities, annual workplans and the resulting agenda setting practices.</p>	

Ref.	Audit Recommendation	Management Response/ Action	Action by/Date
6.	<p>The integrated reporting review should include ensuring that the Board and Standing Committees are provided with the right level and number of reports which provide an appropriate level of detail and do not contain extraneous information. As a guide, reports should:</p> <ul style="list-style-type: none"> ➤ Continue to include objective and informative risk assessments; ➤ Be focused on the key issues, actions taken to address key issues and whether or not these actions are working; ➤ If required, an explanation of why actions to address key issues were not successful and what remedial action needs to be taken to achieve success, along with associated resource implications; 	<p>The Board Secretary's Team will update the best practice guidance with regards to agenda setting meetings to ensure these issues are addressed.</p> <p>This will be discussed with Committee Lead Officers and Chairs when the Deputy Chief Executive and Internal Audit meet to discuss Best Value early in 2018.</p>	<p>Deputy Chief Executive/ Board Secretary</p> <p>March 2018</p>

Wherever possible, there should be adherence of the Standing Orders in terms of the length of meetings. Agenda planning meetings should include consideration of the order of agendas to ensure priority issues are given the care and attention they command and that all agenda items justify their inclusion.

Ref.	Audit Recommendation	Management Response/ Action	Action by/Date
7.	<p>The Staff Governance Committee should again consider its remit and work plan, in conjunction with the ongoing integrated reporting review, to ensure that it is appropriately sighted and assured on workforce planning issues. As previously recommended, there should be a rigorous focus on demonstrating that workforce planning effectively supports the achievement of the Board's operational and strategic objectives, and is overtly linked to the organisation's financial position and the achievement of organisational objectives.</p> <p>Rather than being based on the current service model, the Workforce Plan will need to take account of the Transformation Programme, the Integrated Clinical Strategy and associated Service Redesign, as well as the demographic challenges these highlight which will impact on the availability of suitable staff as well as future need.</p>	<p>The SGC as part of its regular review will consider its remit and workplan recognising the introduction of the P&RC from April 2018. Effective workforce planning and the support it provides to the achievement of operational and strategic objectives remains a core part of the remit of the SGC.</p>	<p>Chair of SGC/Director of Human Resources & Organisational Development</p> <p>March 2018</p>
8.	<p>As previously recommended, the overall NHS Tayside senior leadership structure and the supporting sub structure should be finalised and presented to Board with clear assurance on capability, including Business as Usual arrangements, Transformation and Strategy production. Assurance on the essential question of whether NHS Tayside has the capacity and capability to deliver its operational and strategic objectives should be provided to Board.</p>	<p>The Chief Executive will present the overall NHS Tayside senior leadership structure. With the Nursing/HR&OD/Finance structures implemented the remaining aspects are being progressed through appropriate organisational change processes.</p>	<p>Chief Executive/Director of Human Resources & Organisational Development</p> <p>March 2018</p>
9.	<p>The ICS makes it clear that ehealth will be an essential enabler for future change. NHS Tayside should learn the lessons from Trakcare to ensure that delivery of the ICS will be supported by robust ehealth developments.</p>	<p>A review of the TrakCare implementation will be undertaken.</p>	<p>Director of Finance/Director of eHealth</p> <p>June 2018</p>