

NHS Borders Board



Meeting Date: 7 March 2019

Approved by:	June Smyth, Director of Strategic Change & Performance
Author:	Stephanie Errington, Head of Planning & Performance
FINANCIAL TURNAROUND PROGRAMME	
Purpose of Report:	
<p>The purpose of this report is for the Board to ratify formally the recommendations from the Strategy & Performance Committee to agree the new governance arrangements and the implementation of a revised Programme Management Office (PMO) linked to the development and implementation of the Financial Turnaround Programme.</p>	
Recommendations:	
<p>The Board is asked to formally ratify the Strategy & Performance Committee's approval of the recommendations as laid out in the attached paper.</p>	
Approval Pathways:	
<p>The approved arrangements are outlined within this paper were developed from conversations and engagement with the following:</p> <ul style="list-style-type: none"> • Advice and support from the Scottish Government Board Recovery Team • Presentation to Board Development Session joined by senior managers, including clinical managers • Discussions by the Board Executive Team • A number of discussions with both the Clinical Executive Strategy Group and Clinical Executive Operational Group members • Senior Clinical Leaders across Primary Care, Mental Health and Secondary Care • NHS Borders Area Partnership Forum • Area Staff Side <p>In addition the paper and its recommendations were fully discussed at the Strategy & Performance Committee meeting on 7th February 2019.</p>	
Executive Summary:	
<p>NHS Borders was escalated to Stage 4 of the Scottish Government's NHS Board Performance Escalation Framework at the end of November 2018. The attached paper outlines work undertaken before escalation and also lays out work during December and January to design revised PMO and governance arrangements to support delivery of a Financial Turnaround Programme.</p> <p>The paper and its recommendations were fully discussed at the Board's Strategy & Performance Committee meeting on 7th February 2019. The Board is being asked to</p>	

formally ratify the Strategy & Performance Committee's approval of the recommendations as laid out in the attached paper.	
Impact of item/issues on:	
Strategic Context	Implementation of these arrangements will support the development of a balanced financial plan and the implementation of a financial turnaround programme.
Patient Safety/Clinical Impact	The Turnaround Programme will be subject to significant clinical engagement to ensure proposals have been impact assessed within the context of providing safe quality services we can afford.
Staffing/Workforce	Consideration is currently being given as to how best to utilise NHS Borders existing resources and experience to facilitate these structures. The approach to bridging remaining gaps and securing additional capacity including turnaround expertise required is currently being assessed.
Finance/Resources	NHS Borders is in discussion with Scottish Government regarding the appropriate mechanism for funding any additional resource requirements to support financial recovery.
Risk Implications	The key areas of risk will be managed by ensuring supporting arrangements are in place around governance, leadership, clinical engagement and organisational culture. A full risk assessment will be developed as part of the proposed PMO.
Equality and Diversity	These arrangements will be fully compliant with Board Policy requirements. A full Inequality Assessment will be undertaken on the Financial Turnaround Programme Plan and as required with the schemes and projects contained within the programme.
Consultation	<p>The arrangements contained within the attached paper were developed from a series of conversations and engagement with the following:</p> <ul style="list-style-type: none"> • Advice and support from the Scottish Government Board Recovery Team • Presentation to Board Development Session joined by senior managers, including clinical managers • Discussions by the Board Executive Team • A number of discussions with both the Clinical Executive Strategy Group and Clinical Executive Operational Group members • Senior Clinical Leaders across Primary Care, Mental Health and Secondary Care • NHS Borders Area Partnership Forum • Area Staff Side <p>In addition the paper and it's recommendations were fully discussed with the Strategy & Performance Committee on 7th February 2019.</p>
Glossary	OD - Organisational Development

	PMO - Project Management Office NRS - National Records of Scotland BET - Board Executive Team AHP - Allied Health Professionals
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NHS BORDERS – FINANCIAL TURNAROUND PROGRAMME

Purpose

The purpose of this paper is to secure agreement from the Strategy & Performance Committee on key elements of the proposed approach to the development and delivery of a Financial Turnaround Programme. It is intended to formally note any decisions at the next Board Meeting on the 7th March 2019.

Background

NHS Borders has a proven history of achieving financial balance over many years. However, the financial landscape has changed and since 2016, despite achieving significant efficiencies, there has been an increasing reliance upon non-recurring rather than recurring savings to achieve year-end balance. At the end of financial year 2017/18 the Board carried forward an underlying recurring deficit of £8.8m into 2018/19.

Scottish Borders has seen a steady growth in overall population between 2009 and 2017 rather than some of the more significant increases in other Board areas. Although the overall population growth has been lower than some areas, Scottish Borders' over 65 age group is growing at a significantly higher rate than the national average.

Based on National Records of Scotland (NRS) Mid-year Population Estimates there has been a 7.7% increase in the numbers of people aged 65+ in the Scottish Borders compared to 6.9% for Scotland between 2013 and 2017. The population cohort of older adults in Borders is projected to rise most significantly in the over 75 and over 85 year bands as average life expectancy is increasing. This group places a particularly high demand on the healthcare system due to the burden of disease in later life. By the age of 65, nearly two-thirds of people will have developed a long term condition: 75% of people aged 75-84 have two or more such conditions¹.

Alongside all of this and in conjunction with the rest of Scotland, NHS Borders are facing significant pressures, with costs likely to outstrip funding increases and ever increasing demand. This was reflected in the Audit Scotland Report 2018²:

In parallel with the need to make savings to ensure financial sustainability, as outlined in our Clinical Strategy the Board recognises the need to shift the balance of care through effective health and social care integration, the development of new models of care and different ways of working and marked transformational change.

Regaining recurring financial balance whilst rebalancing care will require a strong focus on operational and financial sustainability. Transformation can only take place when these

¹ Scottish Health Survey 2017

² Audit Scotland Report 2018

strong building blocks are in place. Our overarching aim is to provide safe, quality clinical services that we can afford.

Financial Plan 2018/19

For 2018/19 the Board was unable to develop a balanced financial plan and started the financial year with a substantial financial gap (after identification of £11.6m of efficiency savings) of £13.2m. As work progressed the level of projected shortfall reduced to £10.1m for 2018/19. Due to the recurring shortfall in the 2018/19 financial plan and the imbalance between recurring and non-recurring delivery of savings the Board continues to have a recurring financial gap. Based on current assumptions the Board will end 2018/19 with a recurring deficit of £13.8m. This deficit will be carried forward into 2019/20 and added to the new financial challenges the organisation will face for that financial year. The cost pressures are still being finalised but are likely to further increase the financial gap.

Development of a Financial Turnaround Plan

In order to return to financial balance the Board commenced the development of a Recovery Plan. This included the following key actions:

- Undertook an internal review of the current cost base, demand and levels of productivity / efficiency as benchmarked against another similar Health Board and the Scottish average.
- Commissioned a review of Partnership Work within NHS Borders in order to ensure there was a positive environment for managers and staff side to work together on issues.
- Initiated a series of Values and Leadership Conversations over the last 12 months between the Executive Team and senior clinical leaders and managers in order to support change whilst maintaining safe delivery of patient care.
- Commissioned an external Organisational Development (OD) expert to undertake a diagnostic exercise with senior leaders (the Values and Leadership Group) in order to fully understand local OD needs and issues and to use this as a building block in the design of a tailored OD programme for NHS Borders which will ensure a cohesive and supportive environment and develop an organisational culture ready for change.
- Arranged an external review of its financial plan papers, which was undertaken by the Director of Finance of NHS Lanarkshire in September/October 2018.
- Commissioned an External Diagnostic Review by a Turnaround Expert (Redpoll Group) to assess barriers to increasing the pace and delivery of the transformation programme, including a review of governance arrangements, clinical engagement, untapped areas for efficiency savings and further opportunities to support a return to balance.

Escalation

At the end of November 2018 Scottish Government escalated the Board to Stage 4 of the NHS Board Performance Escalation Framework. This was assessed as required given the changes in senior leadership that at that time were planned, the scale of the remaining financial challenges facing the Board, and the need for pace in delivering of longer term sustainability.

Since December 2018, the Scottish Government's Head of Board Recovery and team has been working alongside the Board Executive Team to determine the best approach to finalising a robust financial plan which will return the organisation to financial balance and to build a framework for change to effect rapid and sustainable improvement to the financial position.

Methodology

In the last six weeks there has been increased scrutiny of the robustness and the pace of delivery of the plan and recognition that further support and expert resources are needed. The proposed revised methodology detailed in this paper has been developed from conversations and engagement with the following:

- Advice and support from the Scottish Government Board Recovery Team
- Presentation to Board Development Session joined by senior managers, including clinical managers
- Discussion by the Board Executive Team
- A number of discussions with both the Clinical Executive Strategy Group and Clinical Executive Operational Group members
- Senior Clinical Leaders across Primary Care, Mental Health & Secondary Care
- NHS Borders Area Partnership Forum
- Area Staff Side

There are two clear and early milestones, focussing primarily at this stage on developing a robust and confident financial plan for 2019/20 by the end of March 2019. In addition by the end of July 2019 a 3 year balanced financial plan will be developed.

Over the last few weeks the Board Executive Team have agreed to take forward a number of key tasks:

- Identified the need for additional capacity within communications, partnership and finance and agreed to progress quickly.
- As a first step to enhance clinical leadership, additional clinical director level capacity within the proposed governance structures and Programme Management Office (PMO).
- Reprioritising and realigning workplans of existing staff with the appropriate skills and experience and including them within the PMO structure to focus on supporting the delivery of the Financial Turnaround Programme.
- Commissioned external OD capacity for 2019/20 to support the senior leadership teams across the whole system.

- Agreed the need for a full-time interim Turnaround Director to be sourced.

The Strategy and Performance Committee is therefore asked to note the discussions, engagement and input that has shaped the proposed approach and action already taken by the Executive Team

Proposed Turnaround Programme Governance Framework for approval

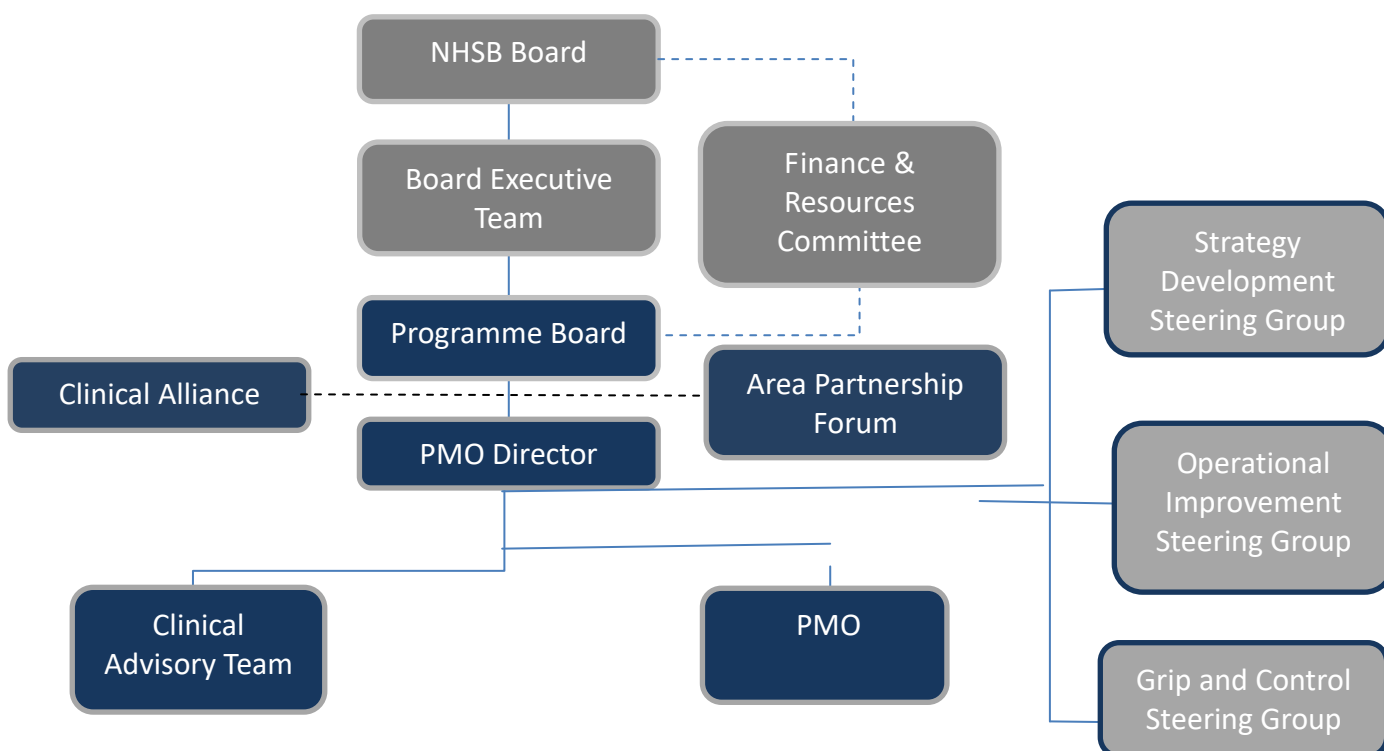
Robust governance of the Financial Turnaround Programme is essential to facilitate the required visibility, accountability and pace of the programme, whilst promoting whole system buy in and engagement and to support the development of a balanced financial plan.

It is also critical that programme adheres to robust governance agreed by the Board, as the responsibility to develop and implement a recovery plan remains clearly with the Board.

This paper sets out the proposed governance framework to support the development, planning and delivery of the Financial Turnaround Programme for approval. This looks to build and strengthen the governance which currently supports the Recovery Plan.

This proposal is recommended to be approved by the Board (via Strategy and Performance Committee) by BET on 29 January 2019, taking into consideration both what has been successful in delivering similar programmes across NHS Scotland and how this could be best tailored for NHS Borders specifically.

The diagram below sets out the proposed new governance framework for the Financial Turnaround Programme:



The following groups in the above structure are already in existence as the key governance foundations to build upon:

- NHS Borders Board
- Board Executive Team
- Better Borders Programme Board (This will extend to cover the role of the Programme Management Office)
- Area Partnership Forum
- Finance & Resources Committee

With the updated proposed programme governance structures, there is an opportunity to review the membership and terms of reference of the above groups to ensure that they are adding maximum value and are aligned with the Financial Turnaround Programme.

The Director of Strategic Change & Performance is performing the role of PMO Director and it is envisaged that in the short term, the PMO Director will be supported by a Turnaround Director with experience of successfully effecting and delivering similar Financial Recovery Programmes at pace elsewhere.

The section below summarises the main purpose of the governance groups as detailed in the diagram above which will be “new” to NHS Borders in the proposed Financial Turnaround Programme governance structure above.

- Clinical Alliance: Provides authoritative clinical scrutiny, challenge and advisory function for the programme.
- Clinical Advisory Team: A team of up to 5 clinicians with the energy, vision, credibility and knowledge to support the PMO planning and delivering the programme with emphasis on operational improvement and strategy development.
- Grip and Control Committee: Steering Group for the activities associated with improving the organisation's financial and operational grip and control, with membership drawn from senior management/executives including those with expertise and professional responsibilities for finance, procurement and human resources.
- Operational Improvement Committee: Steering Group for the activities associated with the efficiency, effectiveness and transformation workstreams, with membership drawn from senior medical staff, nurses/AHPs/service managers and corporate.
- Strategy Development Committee: Steering Group for the activities associated with the longer term organisational strategy workstream, with membership drawn from senior medical staff, nurses/AHPs/service managers supported by specialists with subject matter experience where needed.

All of the above observe our commitment to partnership working.

The Strategy and Performance Committee is asked to approve the new governance arrangements linked to the development and implementation of the Financial Turnaround Programme

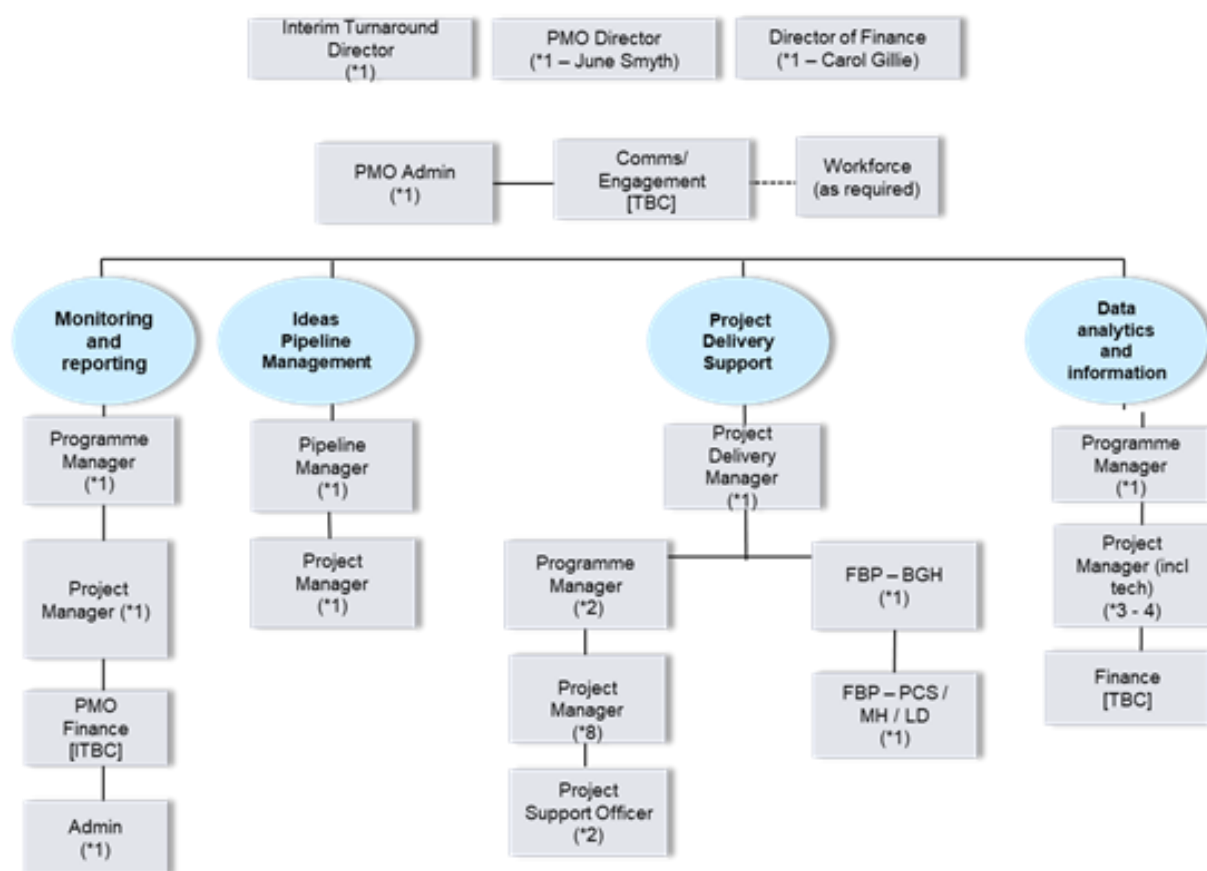
PROGRAMME MANAGEMENT OFFICE (PMO)

NHS Borders recognises the importance of having appropriate support infrastructure to facilitate the delivery of key programmes of work. To date the Better Borders team have fulfilled this function although the focus thus far has been on the development and delivery of the Better Borders programme. Going forward the current resources will be redeployed and refocused to create a PMO which will be pivotal in driving and facilitating the development and delivery of the Turnaround Programme. The profile of the new PMO within the organisation needs to be heightened to ensure that it is effective, robust, reporting and delivery tool for the Financial Turnaround Programme. It will be embedded at the centre of the programme as the engine room supporting frontline staff and management to deliver change projects and therefore, deliver savings for NHS Borders. The newly created PMO will:

- Provide the reporting mechanism for the programme, improving visibility of the programme for the Board and enhancing managerial accountability for delivery.
- Ensure the pace of programme development and delivery through regular and robust programme reporting and delivery support where needed.
- Provide visibility of savings delivery plans and progress and the resulting impact on financial plan.

- Develop project management and project delivery skills amongst the organisation’s staff, alongside improving engagement through its interactions to ensure a sustainable project management function is developed to reduce reliance on external resources.
- Provide a consistent way of planning, monitoring and reporting on programme progress, making accountability clear and escalation and rectification of issues at pace (supported by an effective Governance Framework).

The diagram below sets out the proposed PMO structure for the Financial Turnaround Programme. It is worth noting that this is the structure proposed for the initial stages. This will be further refined as the programme evolves.



As per the proposed governance framework, this proposed structure has been developed, discussed and evolved over recent weeks in conjunction with input from Scottish Government’s Board Recovery team and has been recommended by BET on 29 January 2019 to be approved by the Board, taking into consideration both what has been successful in delivering similar programmes and how this could be best tailored for NHS Borders specifically.

Key differences between existing arrangements at NHS Borders and the proposed PMO structures are summarised below, together with their anticipated proposed benefits of this approach:

Revision to existing PMO structure	Benefit
Enhanced clinical representation and leadership	<ul style="list-style-type: none"> • Clinical leaders at the heart of the PMO and the programme governance structures
Additional capacity (turnaround expertise, clinical, operational, communications and project resources)	<ul style="list-style-type: none"> • Increased focus and attention on the Financial Turnaround Plan activities • Access to external expertise subject matter experts
Introduction of ideas pipeline management workstream to the PMO	<ul style="list-style-type: none"> • Ensures that there is an accountable forum that encourages the generation of ideas at all levels across the system and provides a forum for these to be captured, evaluated and run through a pipeline process for potential inclusion within the Financial Turnaround Programme • Encourages engagement across the organisation
Increased focus on robust and relevant data and information by creation of a separate data analytics and information workstream in the PMO	<ul style="list-style-type: none"> • Ensures communication and alignment between the project delivery and data teams • Provides platform for the recognised data and information challenges of the organisation to be addressed
Enhanced finance representation with specific roles and responsibilities for the Financial Turnaround Programme within PMO	<ul style="list-style-type: none"> • More capacity to increase robust financial scrutiny and approval of all projects within the Financial Turnaround Programme. This approval will ensure all figures within the programme have a robust and tailored financial basis
Introduction of a tailored monitoring and reporting workstream to the PMO to drive consistent and robust project reporting throughout the organisation	<ul style="list-style-type: none"> • Improves visibility and accountability of project development and delivery and PMO teams • Robust, consistent, comparable reporting across the programme facilitates improved regular reports and dashboards through governance structures • Regular and consistent reporting, combined with supporting and effective programme governance structures improves pace, escalation and resolution of issues within the programme • Project reporting will include a Health Quality Impact Assessment which must be clinically approved, boosting clinical engagement and ensuring quality and safety is not adversely impacted
Introduction of communications and engagement workstream to the PMO	<ul style="list-style-type: none"> • An effective communications and engagement plan is essential for the development and delivery of the Recovery Plan. Housing this workstream within the PMO will drive collaboration and the development of consistent, system wide messaging on the

	<p>Turnaround Programme which meets the needs of the organisation in terms of driving system wide buy in to contributing to and effecting change</p> <ul style="list-style-type: none"> • Communications and engagement will be facilitated further through the cross system clinical representations on the various groups within the proposed programme governance framework, in particular, the Clinical Alliance and the Clinical Advisory Team
Introduction of Project Delivery support to the PMO	<ul style="list-style-type: none"> • Provides senior project delivery expertise to the project development and delivery teams to enable them to focus on driving the change required • Improves communications and engagement between the PMO and the wider organisation/system

The Strategy and Performance Committee is asked to approve the implementation of the proposed revised Programme Management Office (PMO) structure

Resource implications of the implementation of the proposed Programme Governance and PMO structures

Consideration is currently being given as to how best to utilise NHS Borders existing resources and experience to facilitate the above proposed structures. The majority of the roles outlined above will be filled by the Board's existing resources. It is imperative that a strong cohort of suitably qualified in-house personnel are identified to facilitate the implementation of the above structures and due consideration is currently being given to this. It is already anticipated that there will be a gap between the required resources for the proposed PMO and delivery of the programme and the internal resources available. Current identified requirements include:

- Turnaround Director – to lead the day to day turnaround activities working alongside NHS Borders' key staff, transferring knowledge and supporting NHS Borders to establish a solid track record of rapid savings within the first 6 months of 2019/20 and providing a sustainable team to take forward ongoing savings activities with minimal need for external assistance.
- Communications and engagement - to bolster the existing team's capacity with experience in delivering similar programmes.
- Clinical leadership capacity to enable key clinicians to contribute to the Financial Turnaround Programme.
- Project management – to bolster the existing project management resource and enable increased pace in the development and delivery of the programme.
- Data analytics – to improve the organisation's ability to extract and manipulate data, ensuring useful and relevant information is readily available for the programme to drive the development of ideas and monitoring of projects.
- Access to subject matter experts as necessary to provide knowledge and expertise as required on specific project areas to drive the identification of potential opportunities and milestones required to deliver desired project outcomes.

Discussions are underway with the Board Recovery Team at Scottish Government with regards to how the gap can be addressed and resourced.

Over and above this, however, it is recognised that additional third party resource will be required, certainly in the short term (currently estimated to be for around 6 – 12 months), to bring additional capacity, expertise and capability to the existing senior team in order to enable significant pace to the programme, with a view to ensuring that in the longer term, the governance and PMO structures will be self-sustaining.

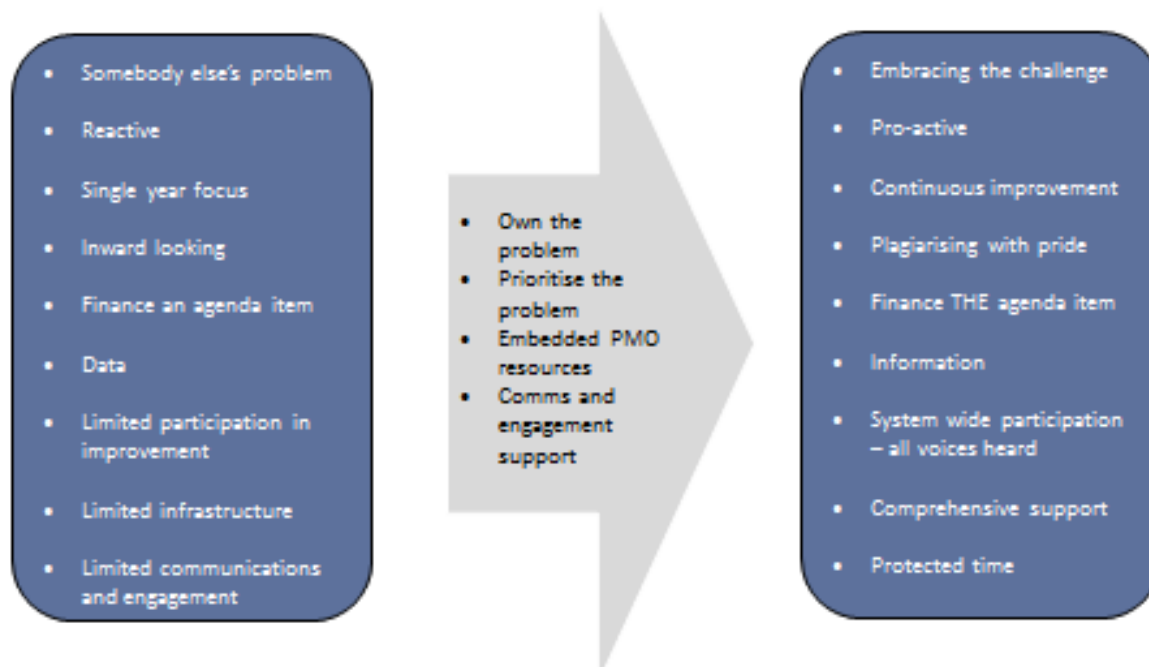
The Strategy and Performance Committee is asked to note the additional resource required and the on-going discussions with the Scottish Government's Board Recovery Team in relation to this.

REVISED APPROACH TO FINALISING A FINANCIAL TURNAROUND PROGRAMME

The proposed revised governance arrangements and the establishment of a PMO will support the ambition of delivering safe, quality care we can afford and doing this at pace. In order to deliver this the mindset of the organisation must change as outlined in the diagram below. A key element of this is reviewing all existing work and projects to ensure significant attention of the organisation is focussed on the Financial Turnaround Programme.

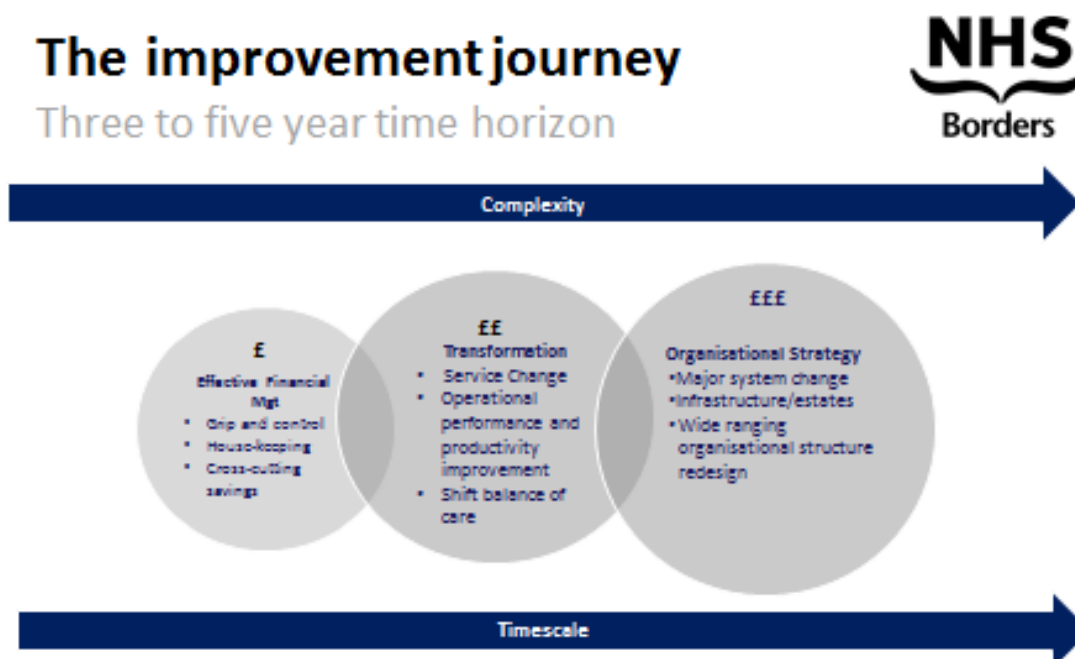
Immediate priority

Changing the mindset



As part of this refocus the Board Executive Team, having taken advice from the Board Recovery Team, are proposing to focus on some key financial and operational areas for the first 6 months of the Turnaround Programme.

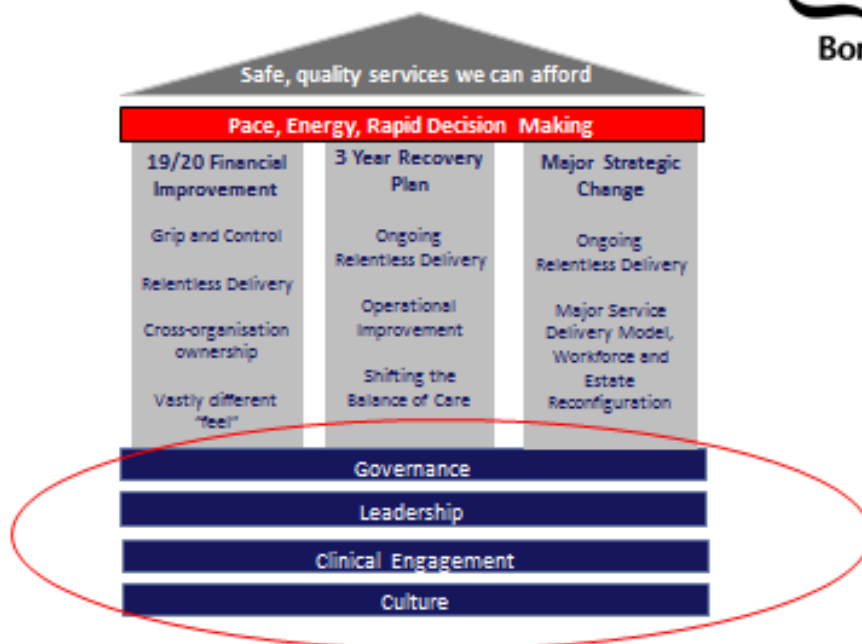
The diagram below outlines the 3 key elements to building and delivering a sustainable Financial Turnaround Programme. If approved today, initial focus will be on the first 2 phases, in developing and delivering the effective financial management and transformation workstreams, to provide solid foundations on which to build the organisational strategy workstream to be delivered in the longer term.



In adopting this approach it is proposed to put on hold the planned activities around the development of a detailed Clinical Strategy Implementation Plan for 6 months.

Equally important to the delivery of the work outlined above in phases 1 and 2 is the need to ensure supporting arrangements are in place around governance, leadership, clinical engagement and organisational culture. Without these foundations in place our ability to develop and implement a sustainable Financial Turnaround Programme will be compromised. Strengthening these aspects are interwoven in the proposals presented today.

Foundations for success



The Strategy and Performance Committee is asked to approve pausing work in relation to the development of the Clinical Strategy Implementation Plan for 6 months.

Next Steps & Milestones

As discussed at the recent Board Development session (on 16 January 2019), NHS Borders is continuing to work jointly with Scottish Government's Board Recovery Team on developing and mobilising the Financial Turnaround Programme, with 2019/20 deliverables being our initial priority focus.

An update on key programme priorities and milestones to be completed between now and the end of March is outlined below with a view to having consensus on a robust, measurable, challenging yet deliverable financial plan for 2019/20, supported by the appropriate infrastructure to maximise the pace and delivery of savings opportunities.

Key milestones to be achieved by 31 March 2019

Milestone	Comment
Implement Financial Turnaround Programme governance	<ul style="list-style-type: none"> Per proposed Financial Turnaround Programme Governance Framework for approval above
Create the enhanced PMO	<ul style="list-style-type: none"> Per proposed PMO structure for approval above
Develop and implement continuous and ongoing Financial Turnaround Programme communications and engagement plan	<ul style="list-style-type: none"> Additional resource to supporting existing communications team in situ week commencing 4 February 2019 to aid in driving this workstream forward, with a view to having a draft plan for review and discussion by the end of February In the meantime, the cascading of high level key and consistent messaging in line with what was discussed at the recent Board Development session on 16 January continues to key stakeholder groups throughout the organisation
Confirm and develop further improvement initiatives (focus on effective financial management (phase 1) and transformation (phase 2))	<ul style="list-style-type: none"> Workstream in progress to validate both the existing change initiatives (consensus on scope, outcomes and financial impact) Ideas generation workstream in progress, through cascading of key messaging referred to above key stakeholder groups. All ideas will be passed through pipeline process to assess viability for inclusion within the Financial Turnaround Programme Prioritisation workshops to take place in February to consider existing projects and new ideas to ensure that resource and efforts are prioritised in the areas which will maximise benefits and outcomes, with a further update to be provided for the next meeting Detailed project plans for all initiatives with 2019/20 impact with accountable persons, delivery milestones and measurable outcomes to be developed and approved for implementation by end of March 2019
2019 / 20 Budget setting	<ul style="list-style-type: none"> Finance at the centre of the above workstreams to ensure that the 2019/20 financial plan is aligned with the outputs (particularly developing improvement initiatives)

	<ul style="list-style-type: none">• Workstream underway to review the current budgeting process to ensure that the budget set is as current and relevant as possible and to maximise wider organisational engagement and buy in to the budget setting process
Development of 3 year financial plan	<ul style="list-style-type: none">• Discussions are in progress with Scottish Government around the development of a 3 year financial plan. It is currently envisaged that this workstream will be complete by August 2019