

BOARD MEETING: 18 MARCH 2016

NHS HEALTH SCOTLAND DELIVERY PLAN 2016-17

Recommendation/action required:

The Board is asked to:

1. Approve the 2016/17 Delivery Plan, and in particular the Deliverables, Performance Management Framework, revised Corporate Risk Register and revised Workforce Resource and Planning Assumptions – all of which are included.
2. Note the current status of the associated Financial Plan, which is subject to final guidance and submission to Scottish Government by 21 March 2016.
3. Note that the associated full Workforce Plan is still in draft and subject to final approval by the Partnership Forum and Staff Governance Committee before submission to Scottish Government in June 2016.

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10 March 2016

NHS HEALTH SCOTLAND DELIVERY PLAN 2016-17

Purpose of Paper

1. The purpose of this paper is to seek the Board's approval for NHS Health Scotland Delivery Plan for 2016-17.

Background

2. The Delivery Plan is the specific delivery agreement between NHS Health Scotland and the Scottish Government for 2016/17. Drafts of the Plan have been shared with Scottish Government colleagues via our sponsor division and comments received and incorporated.
3. As in previous years the Plan has been developed using an internal commissioning process that builds on the actions in our Annual Review Action Plan¹, the priorities highlighted in Local Delivery Plan Guidance (LDP)² and our analysis of evidence, the policy landscape and horizon scanning.
4. Business planning, financial planning and workforce planning have been coordinated, as in previous years, through established Commissioning and Strategic Planning review processes. Financial settlements for Boards have been subject to particular considerations this year and the deadlines for final submission of the full Local Delivery Plan (including Financial Plans) to Scottish Government is later than usual and has just been confirmed as 21 March 2016.
5. Therefore, whilst the Deliverable section of the plan is finalised, further work will be undertaken to confirm both the Financial and Workforce elements in line with Scottish Government expectations. These will not be returned to the full Board for further scrutiny or approval, unless changes were to occur which had a significant bearing on the Board's ability to deliver on the commitments made in this Plan.
6. This is the last Delivery Plan of our current strategy *A Fairer Healthier Scotland*, 2012-17.

Delivery Plan Structure

7. **Sections 1-5** of the plan set out our role, our functions and the context within which we operate
8. The Board's attention is drawn to **Section 6** of the Plan which highlights the strong alignment of our planned deliverables to those identified in both Local Delivery Plan Guidance (LDP) and our Annual Review Action Plan (ARAP).

¹ The Annual Review Action plan is received from the Scottish Government following a formal review of our annual performance. The review is a ministerial or a stakeholder review on alternate years. Our last review was a ministerial review.

² LDP guidance is sent to all NHS Boards and forms the basis of the delivery contract between NHS Boards and the Scottish Government

Section 7 sets out Deliverables that form continuing programmes of work and those that are developmental in nature.

9. **Section 8** sets out the Performance Management framework which includes a suite of Key Performance Indicators (KPIs) developed to measure our performance and the impact of our delivery. This is the first time that a comprehensive performance framework has been developed and produced as part of the Delivery Plan. It heralds a significant step forward in the organisation's intent to improve how we measure and report on performance and impact comprehensively throughout the year. Further improvements in data capture systems, particularly around core programme indicators, will be developed through the course of the year.
10. These KPIs will be used to inform detailed performance and risk management by the organisation through the year. The Board will continue to receive quarterly performance management reports and an end of year impact report, both of which will draw heavily from the data collected through this performance framework.

Workforce Planning

11. **Section 9** sets out the context for our workforce planning intentions. We have an ambitious Delivery Plan and a number of priorities which we are aware depends to a significant extent on our staff resource.
12. Our strategic planning review process has identified a number of gaps in our workforce, largely related to the recruitment of specific skill sets. We are currently developing plans to address this risk through the deployment of additional non-recurring financial resource on workforce during 2016/17. These plans are being actively developed and implementation will begin by 1 April 2016, or earlier in some cases.
13. The resource and policy assumptions, which will govern both how we manage both our established staff budget and any non-recurring funds spent on workforce, have been agreed in partnership and are set out in the Workforce Planning Assumptions in **Appendix A** of this paper. The Board is asked to approve these as part of the Delivery Planning process.

Finance and Resource Implications

1. **Section 10** contains the draft Financial Plan which shows that NHS Health Scotland expects to manage an overall budget of £19.2m in 2016/17. This comprises of £18.2m core (before depreciation allocation of £0.3m) and £0.7m non-core. Any carry forward of 2015/16 planned surplus is not included at this stage.
2. Of this £19.2m budget, £1.8 million is allocated to organisational overheads (Estates/Finance/IT), £11.6 million to established staff budget, £5.5 million to outputs/non recurring workforce and £0.3m to depreciation.

3. The staff budget is subject to the Workforce Planning Assumptions, referred above and set out in **Appendix A**.
4. The Property Assets Management Strategy (PAMS) approved by the Audit Committee for 2015/16 remains valid for 2016/17, with adjustments made to reflect the consolidation of accommodation at Meridian Court onto the 5th floor only from 1 July 2016.
5. £5.5 million of core budget is available for the delivery of planned outputs and non-recurring spend on workforce beyond what has been agreed in the staff budget established through functional realignment. The balance of how this is achieved will be subject to further planning and the application of a strategic framework against which in-year bids will be secured.

Partnership

6. The elements of the Delivery Plan as they impact on staff – including the planned changes to workforce and ongoing Workforce Planning Assumptions – have been developed and agreed in partnership. The full Workforce Plan will be discussed by both the Partnership Forum and Staff Governance Committee before approval and submission to Scottish Government.

Communications

7. An electronic version of the published Delivery Plan will be widely circulated to key partners including Scottish Government and NHS Health Scotland staff (via team meetings, briefing sessions and The Source). The Plan will be published on our website in PDF format by 30 June 2016.
8. The following bespoke versions of the Delivery Plan will be developed and will be shared with the Board and stakeholders:
 - A summary version for general communication purposes.
 - A bespoke summary for NHS Scotland stakeholders.
 - A bespoke summary for Local Government.
 - A bespoke summary for the Third Sector.
9. As in previous years the Delivery Plan and its summaries will be used to stimulate engagement activity with our stakeholders.

Risk

10. The refreshed corporate risk register (CRR) is included, as Appendix A of the Delivery Plan. As part of our risk improvement project to improve the integration of risk with other management tools, we have agreed to refresh the CRR annually and to present it to the Board for approval alongside the Delivery Plan. This is part of a wider improvement project on risk, which is designed to ensure that our risk management processes are fully aligned with our delivery commitments and uncertainties and actively support performance and improvement at every level.

11. The Board are asked to approve this refreshed risk register for publication, subject to further discussion to agree some aspects of ongoing governance of the risks included.

Equality and Diversity

12. The Delivery Plan is driven by *A Fairer Healthier Scotland*, which sets out our intention to avoid unintended adverse impacts on health or increases to health inequalities as a consequence of our work. The Prioritisation Tool, which has been refined and applied for a second year in a row, prioritises proposed work by its impact on health inequalities.
13. We also seek to make sure all our work advances equality and reduces discrimination. We consider the impact of all our work on equality and health inequalities. Standing committees of the Board have overseen this work through the year and a final end of year report will be received by the Board at its next meeting.

Sustainability and Environmental Management

14. The aim of Core programme 2, Work Stream 2.3, is *'To improve air quality and the quality of our physical environments'*. Core programme 5 includes the Deliverable *'Set and meet an agreed group of sustainable and social targets.'*

Action/ Recommendations

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Christine Duncan
Head of Strategy & Communication
10 March 2016

APPENDIX A

Workforce Planning Financial Assumptions 2016/17

Our strategic realignment is forecast at around 280 wte at a payroll cost of £12,289k on a gross basis. With an assumed 6.5% vacancy factor for the core salary budget of £12,289k the figures are calculated as 262 wte and £11,612k, this is the established salary budget. In agreeing this budget, the following assumptions have been made:

- 6.5% vacancy factor calculated for 2016/17
- Incremental progression through AfC grades, as appropriate, has been built into the costs
- A 1% cost of living increase for all staff has been assumed and built into the costs
- To maintain our workforce around the functional realignment outcome levels in 2015/16 for 2016/17 some movement will be required in some areas. however, we aim to offset any increases with decreases as our workforce will need to be flexible and react to demand as far as possible.
- This core budget represents around 60% of overall operating budget.

In addition, an additional non-recurring workforce capacity budget of £1,125m has been allocated for 2016/17. For this additional budget, the following assumptions have been made:

- There will be no vacancy factor applied to this budget.
- Assumptions relating to incremental progression and cost of living increases have not been built in.
- This budget will not exceed £1,125m. The total budget spent on staff or workforce resource in 2016/17 will not exceed 65% (of which 60% is established and 5% non-recurring).

Policy & planning assumptions 2016/17

- Partnership working is key at every level of workforce planning and will continue to guide all workforce decisions and plans, including plans for employing additional workforce to support delivery of priorities in 2016/17.
- Partnership information network (pin) policies will be applied to all workforce decisions to ensure fairness, flexibility and opportunity, with due and fair regard to contract type.
- When the organisational functional realignment is complete (assumed June 2016) we will have an agreed organisational structure and established resource for the organisation.
- The introduction of refreshed job descriptions and portfolios (which is ongoing and due to be complete by December 2016) will provide clarity to all staff on

their personal strategic alignment to AFHS and on management and leadership expectations.

- The workforce planning group (WPG), which is cross-organisational and partnership based, will manage all in year workforce decisions within the budget parameters agreed by the corporate management team. The focus will remain on consistency, fairness and well-reasoned decisions.
- Any further changes to the structure on the completion of realignment programmes and post numbers through the year will be exceptional and agreed by the WPG (or CMT) where the impact of a budget decision extends beyond the financial year).

The WPG will consider all vacancies that arise and will work within the planned vacancy factor of 6.5% for the core staff salary budget of 2016/17 when considering all new posts and vacancies (including maternity leave and posts that have become vacant through internal promotion or sideways recruitment).

- The WPG will also consider all proposals related to the proposed employment of staff on fixed term contracts or through inward secondment as part of the non-recurring workforce plans referred above.

We will consider alternatives to recruitment, such as deciding a piece of work is no longer a priority, allocating resource from elsewhere in the organisation or providing an acting up opportunity for development. Investment in training and development of staff to take up new or different work will also be a priority. This will include the potential for staff on permanent contracts to be considered for short term development opportunities that arise out of the allocation of additional non-recurring funding for workforce.

Where we do decide to recruit, we will always consider staff on the active redeployment register and our policy is always to advertise internally first, unless an exception is agreed with the WPG.

Employing agency staff is not a preferred option and must be agreed as an exception through the WPG. Where agency staff are employed, this will be charged to the staff budget of the recruiting directorate.

Secondments (in or out) can be beneficial to the organisation and to staff development. The secondment policy sets how decisions to support a secondment should be reached. Secondments out are unlikely to be approved unless they can be done on a cost neutral basis to NHS Health Scotland.

- Secondments in to the organisation will be actively considered in 2016/17 because of the potential benefits of additional short term workforce capacity in gap areas. We will work proactively with other NHS boards to consider opportunities for staff on NHS redeployment registers.
- The main reason to apply fixed term contracts is where we have an explicit short term need in an area beyond the agreed establishment. Good practice in fixed term contracts will be followed. Zero hours contracts will not be deployed.

- We will start all new staff at the lowest pay point of the grade unless AfC guidelines indicate otherwise or there are exceptional circumstances. Decisions to appoint new staff above the lowest pay point are referred to the director of strategy and employee director to make in partnership. Our policy to start staff at the lowest point on the grade is specifically stated in all job advertisements.
- We have no plans for a voluntary redundancy scheme during 2016/17. Funds to support any individual redundancy requests would need to be identified.