

BOARD MEETING 26 AUGUST 2016

**STRATEGIC FRAMEWORK FOR EXCELLENCE IN PLANNING, PERFORMANCE
AND IMPROVEMENT**

Recommendation/action required:

The Board is asked to note this paper describing our framework and systems for planning, performance and improvement, and to confirm that the approach being taken to developing these systems is strategic, comprehensive, clear in its intent and fit for purpose.

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STRATEGIC FRAMEWORK FOR EXCELLENCE IN PLANNING, PERFORMANCE & IMPROVEMENT

Purpose of Paper

1. This paper updates the Board on our framework of approaches to planning, performance and improvement.

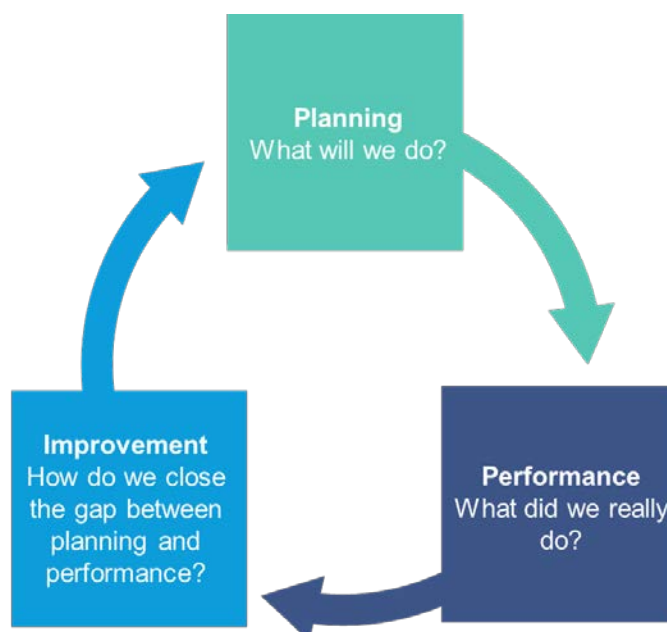
Background

2. How we identify priorities, how we produce the plans to deliver them and how we performance manage our delivery as an organisation is a complex task with significant management and governance components. It relies on a wide range of approaches which have developed in various ways over the life of NHS Health Scotland.
3. In January 2015 the Audit Committee (the Committee) received the internal audit report H08/15 Programme and Project Management. It rated our approaches to programme and project management as “Adequate” (category C), meaning our business objectives are likely to be achieved but improvements were required to enhance the adequacy and effectiveness of risk management, control and governance.
4. The report contained a number of recommendations. These have been overseen by the Committee and many have now been implemented, particularly those that we have been able to address through the new Corporate Planning Tool. The Committee has also been aware that the context of the organisation has changed since the audit report was accepted - for example, there were particular aspects of the recommendations that related to the role of the Health Governance Committee and this is now undergoing review.
5. Particularly in the context of new strategy development, the Committee has also recognised that our systems for programme and project management are an important but not complete indicator of our ability to plan and deliver as an organisation. As progress against the audit recommendations has been reviewed at subsequent meetings, the questions the Committees have raised have focused as much on the general organisational context of planning and performance as on the specific recommendations in the original audit report.
6. As additional context to this paper, the Board are aware that in March 2016 we were assessed by a team of assessors led by Quality Scotland to measure our performance against the European Foundation for Quality Management’s (EFQM) excellence model. They rated us as 350-400 points out of 1,000. In their post-assessment meeting with the Corporate Management Team, the lead assessor described us as having in place all the key organisational approaches they would look for. They described our challenge as improving the deployment of these approaches i.e. making them more consistent, comprehensive, integrated and streamlined. This is a challenge that we

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recognise both from feedback from staff and in our experience as leading planning and performance systems for NHS Health Scotland over some years.

7. With this in mind, earlier this year the Committee asked for a broader paper summarising the organisation's approach and progress with the range of factors affecting performance and delivery. Given the broad ranging nature of this and the importance of these approaches to the whole Board, particularly as the Board seeks assurance that we have the organisational capacity to deliver our strategic ambitions for the next 5 years, the Committee requested that this paper be presented to and discussed by the whole Board.
8. We therefore aim to provide the Board with an overview of:
 - The approaches we consider are important in providing a total and comprehensive approach to planning, performance and improvement
 - A brief summary of where we are with each
 - A brief overview of how we are responding to these findings so that we are in the best possible position to deliver the 2017-22 Strategy.
9. As a standard, organisational systems generally cover planning, performance management and improvement. We have therefore grouped the approaches in this paper under these three headings.



PLANNING

Strategic Planning: AFHS 2017-22

10. As the Board is aware, over the last twelve months we have been developing AFHS 2017-22. This has already involved extensive engagement with Scottish Government, the Board, staff and stakeholders and this engagement will continue to March 2017, when the Strategy and 5 year Strategic Plan are signed off by the Board, and beyond. For this strategy we have been particularly focused on the need to ensure that our strategic plans are based on in-depth analysis of the external operating environment.
11. While we will fully review our approach once the current strategy writing phase is finished, the feedback that we have had through our EFQM assessment and from our internal auditors has encouraged us to think that we are deploying recognisable and effective approaches.
 - EFQM External Assessment Report June 2016: “a particular strength is that stakeholders have been involved in developing [A Fairer Healthier Scotland 2017-2022]”.
 - Draft Internal Audit Report on Strategic Planning (to be received by the Audit Committee on 26 August 2016): Audit opinion is that our approach to strategic planning rates as “A”, stating that “a well organised programme of work has been established to complete a review of the existing ‘A Fairer Healthier Scotland - Our Strategy 2012-2017’ and prepare a robust revised strategy for the next 5 year period 2017-2022.”

Strategic Planning: Commissioning

12. A key challenge for NHS Health Scotland has always been how to achieve effective joint planning across the whole organisation, so that delivery is not ‘siloed’ and we achieve maximum impact and focus. In 2013 we adopted a new ‘commissioning’ approach to planning and have been developing and evolving that approach since.
13. The commissioning approach has led directly to the creation of cross organisational core programmes and corporate priorities, which have gone a long way to simplifying the overall articulation of our work (e.g. from 23 Reporting Programmes to 5 Core Programmes) and as a mechanism has definitely supported cross organisational planning activity.
14. We review the approach every year, most recently over March – May 2016. The purpose is 1) to confirm continuation of the approach 2) to agree how to improve it. The main areas for improvement in 2016/17 are:
 - To focus on improving the accountability that lies behind commissioning – in particular so that all team heads (regardless of whether they have a formal role to commission a programme) lead their teams through cross organisational planning and delivery; and also so that there is a greater

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focus on continuous performance management and improvement through the year.

- To develop the role that Commissioners have in deciding the allocation of organisational resources, to be sure that all resources (whether committed during planning or in year) are focused on priority areas.
- To review the Core Programmes in light of the emerging Priorities in the new Strategy, as these will be the basis for the next 2017/18 Delivery Plan.

Operational Planning: CPT

15. Since the project and programme management audit, we have deployed a new corporate planning tool (CPT). We developed the CPT to replace a 10 year old system that was built on increasingly unstable technology and was dependent on a single supplier. The CPT is built on an industry standard platform which is supported by Microsoft and developed in a standardised way, which gives us flexibility to change our technology supplier in the future.
16. One key and bespoke feature of the old tool which we ensured was built into the new CPT was the ability to integrate the system with our standard NHS finance system, so that staff can view real time financial information alongside other data on delivery.
17. As noted above, the new CPT addresses several of the recommendations in the audit report, including:
 - Moving from tracking projects to outputs: instead of tracking abstract collections of work of varying size (projects) the CPT tracks real-world products and services (outputs)
 - Clearer accountabilities and audit trail: we can now be assured that new work and bids for budget have been reviewed by the appropriate staff before being submitted for approval
 - Budget at lower level: we can now more easily track how we use our financial and staff time resources; we expect that this will give us insight about where we can improve in the future
 - Links line management and strategic planning structures: the old system could only track work effectively through either our strategic planning structure or our line management structure; the new tool does both, which is aimed at supporting the cross-organisational focus we need
 - Staff time recording: for the first time we are able to gather data on how we use our salary budget, our biggest quantifiable resource
 - Captures previously unrecorded work: in Q1 2016/17 we saw an increase in 8% in work recorded on the CPT in year. We believe this is because more of the work that the staff actually do is captured. This is important as we believe this will support realistic planning of time and resource.
18. In the EFQM external assessment report, assessors who had spoken to frontline staff about the CPT described it as “a widely respected tool”. This is an important endorsement and validation of a system that is designed to underpin the capture of planning and performance data for the organisation. As discussed in subsequent sections we do still recognise, however, some of

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the attitudinal and staff experiential issues that still need developed in order to get the most from this system.

PERFORMANCE

Impact Measurement

19. Improving our ability to demonstrate impact has been a continual focus of Board discussion, of Annual Reviews and from other assessment processes, including both our self-assessed and externally-assessed EFQM reports. It is a key interest for the Board in the next strategy. The Corporate Risk Register for 2016/17 recognises the importance of improving in this aspect.
20. In 2015/16 we developed a new performance framework to enable the organisation to more effectively measure impact and performance across a number of domains supported by a suite of Key Performance Indicators (KPIs) which are consistent with the EFQM framework.

Performance framework

Collaborative performance	Scotland Performs: National Performance Framework wealthier; smarter; healthier; safer and stronger; greener We have tackled the significant inequalities in Scottish society. We live longer, healthier lives.
	Performance domain 1: society results
	Reduced inequalities in health Reduced inequalities in society
	Performance domain 2: shared results
NHS Health Scotland performance	Stronger system-wide support for action More equitable policy Improved capacity to deliver effective actions in practice
	Performance domain 3: our results
	Organisational reputation and credibility Customer results, engagement and satisfaction Programme results: fundamental causes, system change for fairness and equity, places and communities the right of every child to good health
	Performance domain 4: our enablers
	People/workforce Finance/resources

21. It focuses on the impact we have had as an organisation in implementing our Delivery Plan, and highlights how we have contributed to the ambitions of A Fairer Healthier Scotland. Performance against the domains outlined was collated in our annual impact report for the first time in 2015/16.
22. We have identified areas of improvement for 2017/18 and are also intending to review the framework to ensure it remains fit for purpose with the 2017-22 strategy. Improvements include the further development of some KPIs and also embedding the framework more fully into business planning systems and the development of qualitative case studies to explore more fully what works and doesn't work in the approach we take to delivering our programmes.

We are also working with staff and developing guidance about how to strengthen their focus on achieving impact through the programmes they deliver.

Performance Data and Reporting

23. We define impact measurement as about understanding the difference we made. We define performance reporting as about predicting whether what we do now will make a difference in the future.
24. Improving performance management data has been a focus for several years. Since 2014 we have:
 - Developed performance data on what is hampering delivery of projects/outputs.
 - Deployed the new CPT as a key tool in gathering and processing more in depth data on how we spend our budget, staff time and coordinate work across the organisation
 - Built our capacity in business data analysis approaches such as statistical process control
 - Brought together HR, financial and performance data into monthly CMT reports so CMT collectively review performance across the across the organisation and ensure issues are addressed.
25. There remain some challenges:
 - We have limited historical performance data, which means that our currently ability to make accurate predictions about future performance is limited.
 - Different legacy systems across the organisation makes gathering and analysing all of the data quite complex. We are working with our technology suppliers on a way to get round this issue.
 - Performance management behaviour: In all the approaches described in this report but in this aspect in particular, the attitudes and behaviours of staff as regards how willing and able they are to use data to analyse and improve performance is as important as the data itself. This is touched on further in paras 34-37.

New Project Office

26. In recent years, and as highlighted by the Programme and Project Management Audit, several high cost and profile projects have not been delivered on time, scope and/or budget. We believe that in these kinds of projects, undeveloped project management capability has been at least a contributing factor. It was also noted in the June 2016 EFQM report: “[this has] limited our ability to [develop] technologies, with an attendant impact on the organisation’s ability to improve the agility of its processes, projects and overall strategy based on knowledge sharing.”

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27. In the past the approach has been to provide the same type of project management training to all staff who identified project management training as a development need. However a single approach has been insufficient for the range of contexts and degrees of complexities of the projects we manage.
28. In response to this, we have created a new Project Office within the Web & Digital team of Health Equity. The intention is to provide a focus and expert support for 'high-hitting' transformational change programmes and complex corporate priority projects, particularly where there is an emphasis on technology and digital delivery.
29. The Project Office will support the development, monitoring and evaluation of programme and project management policies and approaches across the organisation. Several staff in the new Project Office are trained to PRINCE2 Practitioner level. There are also a number of staff in these teams and elsewhere in the organisation trained to use Microsoft Project. Part of the team's remit will be to develop the policies and advice on which type of approach is best applied where. The full team will be in post by the autumn of 2016 and will be well-placed to influence the 2017/18 business planning cycle.

IMPROVEMENT

30. All organisations have a gap between what they want to achieve and where they are. We believe a real strength in NHS Health Scotland in the last 5 years has been to become increasingly clear about both our ambition and our intent to identify the things we most need to improve in order to deliver our ambitions.

EFQM

31. The Board is well sighted on our use of EFQM to help us:
- identify areas for improvement
 - show validated and measurable improvement in our performance over time
32. Since 2013 we have improved our ability to understand how we are working as an organisation. We have made marked improvement in our performance.
33. Over the next two years, our focus will be on improving how we make changes that deliver measureable improvements that are visible outside the organisation.

Staff Development

34. Underpinning all of the approaches outlined in this paper, the need to support staff to create, operate within and support a culture that values and gets value from planning, performance and improvement is fundamental.
35. Our position in the national staff survey as the highest performing NHS Board in four out of five Staff Governance Standards and the alignment of our workforce plan with the 2020 Workforce ambitions is a good start. We have also been deliberate in the development of our workforce related functions over the last few years to ensure that they are closely aligned to the organisation's strategic ambitions and focused on development work that will help improve organisational performance at both a generic and team-specific level.
36. All of us recognise the need for assurance that our workforce is highly competent both in delivering the specific ambitions of the 2017-22 strategy and in general organisational management of the resources that we have.

Our Journey through the EFQM Levels of Excellence



The full detail of this is not the focus of this paper. The Staff Governance Committee, the Partnership Forum and a range of other groups will have specific roles in examining this over the next few months and the Board can expect to see much of the detail of that in the Strategic Plan that will be developed to support delivery of the 2017-22 Strategy.

37. However, as a summary of some of the recent actions taken to support development of our capacity to plan, performance manage and improve:
- The functional realignment has afforded an opportunity to review all of our job descriptions. A specific element in every level of job description has been to clarify, emphasise and make consistent the roles and responsibilities related to programme and project management and planning and performance. By introducing the idea of 'generic' job descriptions, we have also introduced the potential for much more flexibility in aligning staff to changing delivery priorities.
 - Updating of KSF profiles in line with revised job descriptions will help to ensure that these skills are highlighted for discussion in regular performance discussions.
 - We have been targeting line managers to improve their ability to effectively improve performance through standard training for all line managers in the organisation and through a focus on leading change and making improvements in the next Management Essentials cohort that is about to launch.
 - There is also a specific improvement module in Management Essentials aimed at equipping staff to lead improvement projects and a new organisation-wide programme aimed at supporting staff to build improvement methodology into their external delivery work.
 - The specific focus of current leadership development – particularly through the Corporate Leadership Forum (which is at the level of service heads and directors) and through the Organisational Leads – is on developing a culture and practice of individual and shared accountability for planning and performance across the organisation.

New Corporate Planning and Performance Group

38. The EFQM external assessment report echoed our own review of planning for 2016/17 where it found that we have in place a well-developed framework which includes all the elements we would be expected to have, but that our focus for future planning rounds should be on streamlining and integrating them.
39. To provide an effective locus for this, we have recently established a new Corporate Planning & Performance Group (CPPG). The Group will bring together everyone involved in the strategic and operational planning process and will meet a few times a year with a specific aim of reviewing the alignment across all aspects of planning so that staff experience and therefore engagement and buy-in is optimised. It will have close association with the

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CMT, the Commissioning Group, the Workforce Planning Group and relevant functional teams from across the organisation.

GOVERNANCE

40. Governance of planning and performance systems is also an active area of improvement, if not the main focus of this paper. The Board has recorded progressive improvement of performance and impact reporting year on year. The Board has also seen an increasing alignment of risk and performance reporting, so both are focused on the same current strategic issues and priorities. Both the continued drive from the Board to see these kinds of improvement, but also a recognition that changes to reporting should generally be reviewed and agreed no more frequently than once a year, have been welcome.
41. One aspect of the Board's role which was raised in the Programme and Project Management Report was the role of the Board vis a vis the Health Governance Committee with regards to organisational performance management. While not the subject of this paper, this may be an aspect that the Board wishes to return to when receiving recommendations on the remit of the Health Governance Committee in due course.
42. The role, effectiveness and leadership of the Corporate Management Team in organisational performance management has been a particular focus over the last year. We have introduced improved comprehensive monthly reporting to the CMT and encouraged greater emphasis on peer review and collective decision making with regard to organisational highlights and issues that should be profiled to the Board. This collective performance management approach is an approach we intend to be visible to and replicated by the rest of the organisation.

Conclusion

43. Reviewing our approaches to planning, performance and improvement and presenting them in this way to the Board, it is intended to provide assurances that echo the conclusions of our recent EFQM assessment. In summary, this is that we have most of the necessary approaches. We now need to ensure that they are experienced as and utilised by staff in a fully integrated way and that we use them at every level to consistently show results and impact.
44. It is critical that we are clear about where to focus our efforts in further improvement and that the Board are assured that these improvements cover the aspects most important to supporting delivery of the 2017-22 Strategy.

Finance and Resource Implications

45. There are no particular financial implications arising from this paper, although clearly the success of the processes described here have significant bearing on the effective utilisation of our organisational resource.

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Partnership

46. Relevant aspects of all the approaches outlined in this paper have been developed in partnership. This is particularly important with regard to all aspects of workforce planning and workforce development. It was agreed at a recent Partnership Forum development session to take stock of workforce planning processes with a view to improving focus, alignment and clarity of accountability over the next planning period.

Communications

47. There are no plans to directly communicate this paper, but clearly there are many aspects of it which are incumbent upon directors and management teams to keep their staff fully informed and engaged.

Risk

48. This paper has not highlighted the recent improvements made to risk – and particularly the closer alignment of our corporate risk processes with operational and strategic planning - as these have been covered in depth and recently with the Board elsewhere.
49. However, the approaches in this paper help control two of our corporate risks for 2016/17:
- CRR 16-1: As a result of ineffective organisational performance our performance does not improve and we do not deliver our corporate priorities on time and scope.
 - CRR 16-10: As a result of not having structured by flexible approaches to project management, there is a risk that we do not deliver on time, scope and budget, resulting in not delivering on our commitments.

Equality and Diversity

50. There are no implications for our Public Sector Equality Duty arising from the proposals in this paper, although the Board should note our intent to further integrate reporting and performance monitoring against our equality outcomes more fully into the next Strategy. The Board should therefore expect to see reference to the equality outcomes within, for example, the developing performance framework referred to here.

Sustainability and Environmental Management

51. There are no proposals with implications for sustainability and environmental management in this paper although, as with equality and diversity, there is a general drive to integrate and align objective setting and reporting across all organisational domains, including sustainability.

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Action/ Recommendations

52. The Board is asked to note this paper and to confirm that the approach being taken to developing planning, performance and improvement systems is strategic, comprehensive, clear in its intent, and fit for purpose.

Tim Andrew
Organisational Lead for Improvement
17 August 2016

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