

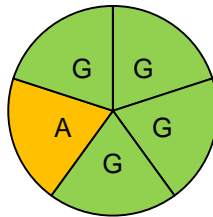
Internal Audit



Strategic Planning

April 2016

Report Assessment



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Introduction

NHS Lothian has a Strategic Plan (Our Health, Our Care, Our Future 2014-24) in place. The Plan sets out what NHS Lothian hopes to achieve over the next ten years to address the health needs of the growing and ageing population and to meet the challenges this presents whilst continuing to provide a high quality, sustainable healthcare system for the people of Lothian. The Strategic Plan is set within the context of the Scottish Government's 2020 Vision which is that *by 2020 everyone is able to live longer healthier lives at home, or in a homely setting.*

It is essential that the Strategic Plan has been developed upon sound principles, has included adequate stakeholder engagement and includes measurable objectives and targets.

Scope

The audit evaluated the strategic planning process in place within NHS Lothian, including consideration of how NHS Lothian's strategic plan is being delivered within the context of integrated joint boards.

Acknowledgements

We would like to thank all staff consulted during this review for their assistance and cooperation.

Executive Summary

Conclusion

The Strategic Plan was developed in line with the Scottish Government's 2020 Vision and the development process included appropriate stakeholder engagement. However, we identified that there has been no review to determine whether the Strategic Plan remains achievable in light of the current challenging financial position; there has been no assessment of whether the ongoing work to develop Strategic Plans for the IJBs and the Acute Hospitals Plan will encompass all aims and outcomes within the Strategic Plan; and progress towards completion of the actions in the Strategic Plan is not reported to the Board on a regular basis.

Summary of Findings

The table below summarises our assessment of the adequacy and effectiveness of the controls in place to meet each of the objectives agreed for this audit. Definitions of the ratings applied to each action are set out in Appendix 1.

No.	Control Objective	Control objective assessment	Number of actions by action rating			
			Critical	Significant	Important	Minor
1	There is a strategic plan in place which sets out the mission, vision, outcomes and objectives of NHS Lothian and it has been approved by the Board	Green	-	-	1	-
2	The strategic plan has taken account of the impact of integration joint boards and the requirements and obligations of NHS Lothian in relation to this	Green	-	1	-	-
3	There is a clear link between the strategic plan and the Scottish Government's 2020 Vision	Green	-	-	-	-
4	The strategic planning process included a clear timetable for completion of the strategic plan	Amber	-	1	1	-
5	There was adequate internal and external stakeholder consultation in the development of the strategic plan	Green	-	-	-	-

Control Objective Ratings

Action Ratings	Definition
Red	Fundamental absence or failure of controls requiring immediate attention (60 points and above)
Amber	Control objective not achieved - controls in place are inadequate or ineffective (21 – 59 points)
Green	Control objective achieved – no major weaknesses in controls but may be scope for improvement (20 points or less)

Main findings

We identified a number of areas of good practice during the review. There was a thorough consultation process for the draft Strategic Plan (Our Health, Our Care, Our Future 2014-24), which provides clear narrative on how NHS Lothian proposes to deliver improvement developments which will meet the Scottish Government's 2020 Vision. The 2015/16 Corporate Objectives and Local Delivery Plan have also been aligned to the propositions contained in the Strategic Plan to help deliver its planned outcomes.

A timetable of workstream projects has been identified for each financial year to implement the actions of the Strategic Plan. These are reported to the relevant Board sub-committees throughout the year to monitor progress made.

NHS Lothian's Strategic Planning Committee (SPC) has revised its terms of reference to ensure that they adequately reflect its changing role and responsibilities with the introduction of the Integration Joint Boards. The SPC has been involved in the consultation process for the draft IJB Strategic Plans. Formal responses were provided to each of the IJBs which included reference to supporting the strategic aims of NHS Lothian where not specifically mentioned in the IJB plans.

We identified two significant issues during this review:

- Following the introduction of IJBs, delivery of certain aspects of the NHS Lothian Strategic Plan will be taken forward through the individual IJB Strategic Plans and an Acute Hospitals Plan is currently being drafted to address the remaining non-delegated services. However, it is not clear whether the four IJB Plans and the Acute will cover all of the original NHS Lothian Strategic aims and outcomes or how progress overall will be reported against the 2014-24 strategic aims with five separate plans in place; and
- NHS Lothian's overall financial position is extremely challenging and it is likely that the strategic priorities which have been proposed for progression during 2016/17 will either be not taken forward, delayed or only partially delivered.

Further details of these matters and two "Important" points are set out in the Management Action Plan.

Management Action Plan

Control objective 1: There is a strategic plan in place which sets out the mission, vision, outcomes and objectives of NHS Lothian and it has been approved by the Board	
1.1: The draft NHS Lothian Strategic Plan 2014 – 2024 has not been finalised and signed off by the Board.	Important
<p>Observation and Risk:</p> <p>In April 2014 the Board endorsed the NHS Lothian draft strategic plan ‘Our Health, Our Care, Our Future’ to be circulated for stakeholder consultation. The Board agreed that a final version of the strategic plan should be presented to the October 2014 Board meeting after the plan had been updated to reflect the results of the consultation process. While the results of the consultation process were discussed at the October 2014 meeting, the draft strategic plan has not been updated to reflect the outcome of the consultation process. There was a subsequent discussion of the Plan at the Board meeting in February 2015 but the plan has not yet been finalised and still sits as draft on the public NHS Lothian website.</p> <p>If the strategic plan does not reflect the outcome of the consultation process there is a reputational risk to NHS Lothian where the public cannot see that their concerns were addressed. If the strategic plan is not finalised then there is a risk that the plan is perceived as a working document and not the final plan that is being implemented.</p>	
<p>Recommendation:</p> <p>The Strategic Plan should be updated and approved as final. The finalised version should then be published on the NHS Lothian website.</p>	
<p>Management Response:</p> <p>The strategic plan, incorporating consultation feedback, has been signed off by the Board but the final version had not been placed on the NHSL website. This oversight has now been rectified.</p>	
<p>Management Action:</p> <p>The final version of the strategic plan has now been placed on the NHSL website.</p>	
<p>Responsibility: Strategic Programme Manager - Corporate Planning and Public Records</p>	<p>Target date: 30th May 2016</p>

Control objective 2: The strategic plan has taken account of the impact of integration joint boards and the requirements and obligations of NHS Lothian in relation to this

2.1: Revision of NHS Lothian's Strategic Plan is required

Significant

Observation and Risk:

Following the introduction of IJBs, delivery of certain aspects of the NHS Lothian Strategic Plan will be taken forward through the individual IJB Strategic Plans which are currently being finalised by the IJBs. NHS Lothian reviewed each of the IJB draft strategic plans to ensure that their stated strategic aims were in line with those of the NHS Lothian Strategic Plan.

To address the strategic direction of the areas which remain the responsibility of NHS Lothian, an Acute Hospitals Plan is being developed and is due to be presented to the Board in December 2016. However, as the Acute Plan is still under development it is not clear whether the four IJB Plans and the Acute will address all of the aims and outcomes included in the NHS Lothian Strategic Plan.

There is a risk that NHS Lothian loses sight of its overall strategic direction because the responsibility of the IJBs to develop their own strategic plans and creation of the Acute Hospitals Plan which may lead to a more piecemeal approach to planning within NHS Lothian.

Recommendation:

On completion of the Acute Hospitals Plan, management should report to the Board on the extent to which the aims and outcomes set out in the NHS Lothian Strategic Plan are addressed by the aims and outcomes in the four IJB Strategic Plans and the Acute Hospitals Plan. A process for monitoring and reporting on achievement of any aims and objectives not covered by the IJB and Acute Hospitals plans should be agreed and implemented, if required.

Management Response:

The strategic plan is currently undergoing intensive review and adaptation.

The risk described here is a function of the integration agenda, which is expressly designed to ensure that local populations feel their healthcare is more responsive to their needs, with local populations expected to be no more than 100,000 people. Further, the nature of IJBs is that they do not take instruction from NHS Boards (or from local authorities) but in fact the opposite, in that they issue binding "Directions" to NHS Boards which instruct the latter around the strategic direction not only for community health services but also for acute hospital services such as emergency departments, general medicine, diabetes, respiratory medicine, and for specialist mental health services.

The key task for the Strategic Planning function of NHSL is now to develop robust plans for those services still under the sole and direct control of NHSL, but also to ensure that these plans interdigitate elegantly with the Strategic Plans of IJBs.

The key task for the non-executive directors of NHSL in this respect is to balance their roles as non-executives of the Board with their roles as non-executives of the IJBs.

NHSL's Strategic Planning Committee is the forum for ensuring that the strategic direction of NHSL remains stable, and its remit was altered during 2015-16 to reflect the establishment of

IJBs. Further, the Committee has met twice to consider the implications of IJB Strategic Plans and Directions, and has a workplan for 2016-17 which includes regular updates on the development of the Hospitals Plan and the development of IJB Strategic Plans. In addition, the Strategic Planning Directorate, in conjunction with the Finance Directorate and the 4 IJBs, has established a cycle of monthly meetings with the IJBs to consider and shape fine detail of Directions. This process is coordinated by the Acute/IJB Interface Group, which has representation from the 4 IJBs, NHSL's acute sector, NHSL finance, and the Director of Strategic Planning.

Management Action:

Note revision of SPC remit, SPC workplan, Acute/IJB interface group, and process for joint consideration of Directions and Strategic Plans.

Bring this audit report to the June 16 Strategic Planning Committee for consideration.

Progress Hospitals Plan with regular updates to Strategic Planning Committee, Acute Hospitals Committee, and NHSL Board

Responsibility: Associate Director, Strategic Planning

Target date: June 2016

Control objective 3: There is a clear link between the strategic plan and the Scottish Government's 2020 Vision

NHS Lothian's Strategic Plan states clearly that the strategy outlines NHS Lothian's commitment to improve the health of the population, support delivery of the Scottish Government's 2020 Vision for health and social care and support for the integration of health and social care through the establishment of Integration Boards.

The stated triple aims of the Scottish Government's 2020 Vision: Quality of Care; Health of the Population; and Value and Financial Sustainability, act as the headings for NHS Lothian's propositions to deliver continuous improvement across all of their services to achieve the outcomes of the 2020 vision.

NHS Lothian's 2015/16 and draft 2016/17 Local Delivery Plans (LDPs) are aligned with the Strategic Plan through the shared triple aims. The LDP details how the Board plans to work towards delivery and achievement of the Scottish Government's 2020 Vision within the 2015/16 and 2016/17 financial years.

Control objective 4: The strategic planning process included a clear timetable for completion of the strategic plan	
4.1 The Strategic Plan may no longer be deliverable due to the current financial position.	Significant
<p>Observation and Risk:</p> <p>In common with many other NHS bodies in Scotland, NHS Lothian's overall financial position is extremely challenging and the development of the 2016-17 financial plan has highlighted a sizeable funding gap.</p> <p>At the time of our audit, the financial recovery plans required to address the funding gap had not been finalised. However, we were informed that management considered that it was likely that some of the strategic priorities that had been proposed for progression during 2016/17 would either not be taken forward, delayed or only partially delivered. This may have an impact on delivery of strategic priorities in the years 2017-24.</p> <p>There is a risk that the aims contained in the NHS Lothian 2014-24 Strategic Plan may no longer be deliverable or achievable in the timeframes documented in the plan.</p>	
<p>Recommendation:</p> <p>NHS Lothian's Strategic aims and actions should be reviewed and updated to reflect the impact of the financial position and proposed strategies analysed for viability of delivery. Any updates to the aims should be presented to the Board for approval.</p>	
<p>Management Response:</p> <p>This accurately reflects the situation and again underlines the need to keep strategic plans under constant revision.</p> <p>Management Action:</p> <p>Progress Hospitals Plan and influencing of IJB Strategic Plans to reflect financial position.</p>	
Responsibility: Associate Director, Strategic Planning	Target date: Dec 2016

<p>4.2: The Board has received no assurance during 2015/16 that progress towards completion of the Strategic Plan aims and outcomes is on track for delivery of all outcomes by 2024.</p>	<p>Important</p>
<p>Observation and Risk:</p> <p>The Strategic Plan contains actions to be taken in the short term (1-3 years) and over the long term (4-10 years) to deliver the strategic outcomes proposed. In February 2015, the Board received a Strategic Plan Progress Report which contained a Gantt chart setting out the anticipated timelines and interdependencies related to key strategic work streams up to 2019/20. In addition, the Strategic Planning Committee has produced annual work plans for 2015/16 and 2016/17 which chart when the Committee is due to receive progress reports on the various strategic workstreams that are underway or under development.</p> <p>The Board receives regular updates on some activities that will contribute to delivery of the Strategic Plan, such as progress reports for specific strategic workstream projects to the Strategic Planning Committee; and reporting on achievement of LDP targets within Performance and Quality Reports. However, there is no reporting that allows the Board to form a view on the extent to which the progress made during the year matches expected progress.</p> <p>Without specific reporting on the overall achievement against NHS Lothian's Strategic Plan there is a risk that the Board cannot be assured that sufficient progress is being made to achieve all strategic aims by 2024, or that corrective actions have been identified and implemented, where lack of progress has been identified.</p>	
<p>Recommendation:</p> <p>A summary report should be prepared for the Board which shows how the activities undertaken to deliver the aims and objectives in the Strategic Plan are progressing in line with expected timescales. Any delays should be reported to the Board with corrective actions noted.</p> <p>Management should also consider how this reporting can be continued in future, when most activities will be driven by the IJB Strategic Plans and the Acute Hospitals Plan.</p>	
<p>Management Response:</p> <p>With regard to the Hospitals Plan, there is a clear view in the presentation made to the Board in March 2016 regarding expected work and timescales during the 2016-17 financial year, and regular reports on this workstream are being made to Acute Hospitals Committee, Strategic Planning Committee, and the Board.</p> <p>Management Action:</p> <p>Progress Hospitals Plan. Present to December SPC.</p>	
<p>Responsibility: Associate Director, Strategic Planning</p>	<p>Target date: Dec 2016</p>

Control objective 5: There was adequate internal and external stakeholder consultation in the development of the strategic plan

A Communication and Engagement Plan was developed which supported the stakeholder consultation on the draft Strategic Plan. Inspection of the consultation documentation confirmed that the process was thorough, with the use of numerous communication methods, such as face to face presentations or through social media. The communication was tailored to reach target stakeholders and the Strategic Planning Committee received progress reports from the Communication Team throughout the consultation process. The outcomes of the process were analysed and a comprehensive report 'Strategic Planning Consultation and Next Steps' was presented to the Board in October 2014 for review and discussion.

Whilst we are able to confirm that there was adequate internal and external stakeholder consultation in the development of the strategic plan and that the outcomes were discussed in depth by the Board, we are unable to confirm that an updated draft strategic plan was presented for approval to the Board, as reported at Management Action Point 1.1.

Appendix 1 - Definition of Ratings

Management Action Ratings

Action Ratings	Definition
Critical	The issue has a material effect upon the wider organisation – 60 points
Significant	The issue is material for the subject under review – 20 points
Important	The issue is relevant for the subject under review – 10 points
Minor	This issue is a housekeeping point for the subject under review – 5 points

Control Objective Ratings

Action Ratings	Definition
Red	Fundamental absence or failure of controls requiring immediate attention (60 points and above)
Amber	Control objective not achieved - controls in place are inadequate or ineffective (21 – 59 points)
Green	Control objective achieved – no major weaknesses in controls but may be scope for improvement (20 points or less)