

Finance and Public Administration Committee

17th Meeting 2023 (Session 6), Tuesday 6 June 2023

Inquiry into the Scottish Government's Public Service Reform Programme

Purpose

1. The Committee is invited to take evidence regarding its inquiry into the Scottish Government's Public Service Reform Programme from the following witnesses:
 - Fiona Davies, Chief Officer, Argyll and Bute Health and Social Care Partnership, and
 - Claire Burden, Chief Executive NHS Ayrshire & Arran.
2. This paper sets out background information in relation to the Committee's inquiry and highlights key issues raised in written submissions received from the above witnesses, which are reproduced in full at Annexe A. [A summary of evidence received has also been produced by SPICe.](#)

Committee remit

3. Public service reform was included in the Committee's remit when it was established at the start of Session 6, in June 2021.
4. That year, the Committee held two exploratory evidence sessions to establish what progress had been made in relation to delivering public service reform in line with the Christie Commission's principles, and the barriers to advancing this agenda. At the first session, held on [9 November 2021](#), the Committee heard from: the Auditor General for Scotland, Professor James Mitchell from the University of Edinburgh (and Commission Member), and Professor Graeme Roy of the University of Glasgow. Witnesses recognised that the Christie Commission principles remain relevant, but that limited, or "sporadic", progress has been made. The Committee heard that, for reform to be successful, it requires time, effort, cultural change, a longer-term focus, proper accountability mechanisms, collaboration, and innovation.
5. These points were explored with the Deputy First Minister and Cabinet Secretary for Covid Recovery at an evidence session on [21 November 2021](#). He told the Committee that "the Government's commitment to Christie's vision and public services reform remains strong but making Christie a reality requires a collective national endeavour", adding "I am committed to making that happen in the years to come". He also provided examples of areas where reform had taken place in recent years, including structural reform of the police and fire and

rescue service, and policy reforms such as the expansion of early learning and childcare provision. He also recognised that some areas may present more challenges in putting reforms into practice.

Background to the Inquiry

6. [The Scottish Government's 'Investing in Scotland's Future' Resource Spending Review](#) (RSR) published on 31 May 2022 set out its high-level spending plans up until 2026-27 to deliver its ambitions. The RSR stated that “the more efficient and effective we can become in the delivery of public services, the more able we will be to achieve key priorities and direct support towards those who need it most”. The RSR identified five areas of focus for reform over the lifetime of this Parliament:
 - digitalisation
 - maximising revenue through public sector innovation
 - reform of the public sector estates
 - reform of the public body landscape, and
 - improving public procurement.
7. The Scottish Government also indicated in the RSR that it wanted to develop—

“a pathway to return the overall size of the public sector workforce broadly to pre-Covid-19 pandemic levels, while supporting expansion in key areas of service delivery, helping to hold total pay bill costs – as opposed to pay levels – at 2022-23 levels”.
8. Further details of the Scottish Government’s plans for reform and workforce levels were expected to be published with the Scottish Budget 2023-24 on 15 December 2022 but did not materialise.
9. The then Deputy First Minister explained to the Committee on [10 January 2023](#) that—

“I want to debunk for the Committee the idea that we are waiting for something to happen to undertake public sector reform, because we are constantly changing the way in which public services are delivered in order to live within the financial restraint that we all face.”
10. He went on to state that, instead of targets and an overarching framework for reform, public bodies would be expected to “change the way that they operate in this financial year to ensure the sustainability of their public services”. He further noted that “those changes will become apparent as organisations take decisions in order to live within the resources that have been made available to them”.
11. The Committee’s [Budget Report 2023-24](#) therefore sought to establish further details of how the Scottish Government plans to achieve each of the five priorities for reform (included in the RSR and set out at paragraph 3 above).

The Committee also asked for information on the milestones for delivering these priorities, the costs, efficiencies, and savings it anticipates as a result, and how it is supporting public bodies to deliver each element.

12. Some further details on the Scottish Government’s plans were included in the then Deputy First Minister’s [response of 3 February](#) to the Committee’s Budget Report, including confirmation that public bodies’ plans are expected later this year for inclusion in the Scottish Budget 2024-25. [In further correspondence dated 20 March](#), the then Deputy First Minister appeared to indicate that the original plans regarding the public sector pay bill had been revisited—

“The RSR included commitments to hold the total public-sector pay bill (excluding Local Government) at around 2022-23 levels, whilst returning the overall size of the public sector broadly to pre-COVID-19 levels. Following further analysis and engagement, our proposal on how we achieve sustainable public bodies developed. ... it is for individual public bodies to determine locally the target operating model for their workforces and to ensure workforce plans and projections are affordable in 2023-24 and in the medium term”.

Inquiry

13. On 6 March 2023, the Committee launched an inquiry into the Scottish Government’s plans for public service reform, with the following remit:
- to develop a greater understanding of the Scottish Government’s public service reform programme,
 - to bring greater transparency to the aims of the programme and measures put in place by the Scottish Government to support public bodies to achieve these aims,
 - to track progress in delivering public service reform by the Scottish Government and public bodies over the remainder of this parliamentary session until 2026, and
 - to examine the outcomes of the public service reform programme, including effectiveness, efficiency, and impact on public service delivery. *This element will be explored towards the end of the parliamentary session.*
14. The Committee’s [call for views](#), which opened on 6 March 2023, sought written submissions from Scottish public bodies on their plans for reform in their sectors, and others with a view on how the reform programme is working in practice and how it is delivering effective and efficient services. The evidence gathered through the [written submissions received](#) and a series of evidence sessions to take place during May/June 2023 will inform the Committee’s pre-budget scrutiny starting in September. Its findings from this work will be included in its Pre-Budget 2024-25 Report, given the links between reform and the sustainability of Scotland’s public finances.

15. [SPICe has produced a summary of evidence received](#) in response to the call for views.
16. In a [letter dated 20 April, the Committee sought clarification from the new Deputy First Minister and Cabinet Secretary for Finance](#) in relation to the frequency of updates to be provided on public service reform. The Committee also, at the request of the former Deputy First Minister, reflected on the nature of these updates and asked that “they should include details of all public bodies reform activity, rather than just narrowly focusing on the five areas of reform identified in the RSR”.
17. In the [Scottish Government’s ‘Equality, Opportunity and Communities’ Prospectus](#) published in April 2023, the Deputy First Minister states that by 2026, she will have progressed a 10-year programme of public bodies and public service reform; strengthened the resilience of public services and communities, and “targeted both short-term efficiencies and wider, deeper, and longer-term reform”.
18. The [Scottish Government’s Scotland’s Fiscal Outlook: Medium-Term Financial Strategy](#) (MTFS) published on 25 May, provides an update on its reform programme and notes that, while reforms will take time to implement and to deliver benefits, it is critical that progress is effectively quantified and tracked [and] this will include providing regular updates to this Committee on the following four workstreams. These appear to have evolved since publication of the Resource Spending Review in May 2022:
 - [Public bodies and public service reform](#): The MTFS states that public bodies are best placed to assess both the opportunities and action that must be taken to ensure fiscal sustainability, with budgetary allocations providing parameters for this. It goes on to say that “the aim, as set out in the 2023-24 Scottish Budget, is to achieve fiscally sustainable person-centred public services, which over time both improve outcomes and reduce inequalities of outcome across communities in Scotland”.
 - [Efficiency levers](#): digital, shared services, public sector estates, procurement, and grant management, each of which are being progressed by individual public bodies and by the Scottish Government.
 - [Revenue-raising](#): Discussions between the Scottish Government and public bodies have led to development of “guidance and a robust decision-making process ... to support public bodies in considering, developing and implementing new revenue-raising ideas”. The MTFS states that “the outputs from this ... work are intended to support the funding position for the 2024-25 Scottish Budget and subsequent budget allocations”.
 - [Pay sustainability](#): The MTFS restates that “it is for individual public bodies ... to determine the target operating model for their workforces and to ensure workforce plans and projections are affordable in 2023-24 and over the medium term.

- Major reform programmes: The MTFs also provides a number of specific larger-scale reform programmes underway as “an integral part of a wider 10-year public service reform programme”, such as the Education Reform Programme, National Strategy for Economic Transformation, and a National Care Service.

Previous evidence sessions

19. The Committee held a ‘setting the scene’ evidence session on 23 May 2023, hearing from Audit Scotland, Reform Scotland, and Professor John Connolly from Glasgow Caledonian University. Issues explored at that session included:
 - The need for the Scottish Government to provide oversight and direction on its reform programme, as well as a sense of purpose and clarity on the intended outcomes. A “more worked up plan” with measures of success is needed, with issues such as “a lack of strategic grip” and lack of capacity within the Scottish Government identified as barriers to achieve this.
 - Public bodies should also be empowered to participate and deliver reforms that best suit their organisations. The Scottish Government should build capacity across the public sector to encourage collaboration, leadership, and evaluation in relation to reform. Audit Scotland has seen “a strong appetite” amongst most public bodies to collaborate.
 - Achieving efficiencies as part of managing budgets is not genuine reform.
 - Electoral cycles and policy distraction were cited as wider barriers to reform, including preventative and early intervention measures. The Christie Commission principles had been “overlayed on to existing models of delivery” and therefore “operate in the background” rather than being the lead principles and drivers for reform.
 - Lessons can be learned from how the Scottish Government and public bodies operated during the Covid-19 pandemic, such as collaboration, speedy decision-making and focus on delivering support to those in need. Witnesses have seen signs that the public sector is reverting to previous ways of working and that the appetite for risk is waning.
 - The Scottish Government should seek meaningful feedback from the public through an “honest conversation” about the financial challenges being faced, what the public would like to see from their public services, which reforms are required to deliver this, and be led by whom.
 - Progress is now urgent, and the Scottish Government should be trying new things, undertaking pilots and, importantly, learning lessons.
20. The Committee held a round-table evidence session on 30 May to explore with a range of public bodies from different sectors, sizes and types, their varying approaches taken to reform, along with challenges, barriers, and examples of good practice. Issues discussed at the session included:

- There has to be an incentive to collaborate otherwise people “tend to pick off the bits round the side that do not threaten their own jobs”. To achieve significant cost savings in public sector reform and improve services, there has to be a ‘mandate’ to get people to want to do it. Public bodies should learn from Police Scotland’s experience of structural reform, “but do it under a mandate to deliver cost savings and improved services”. Witnesses pressed that, “without a mandate, it will not happen”.
- There were however some examples of good practice, such as bodies co-funding posts to achieve certain outcomes or to share a particular skillset. Food Standards Scotland and Marine Scotland are for example collaborating on co-funding a digital strategist who can take oversight of the implementation of digital and data strategies across both organisations.
- There are skills shortages in the ‘digital data space’ in the public service where “we are all fishing in the same pool for the same capability”. It was therefore suggested that pooling this kind of resource for digitalisation and use of technology could help further transform public services.
- Organisations that are “not large scale” are at a “massive disadvantage in negotiating with private sector suppliers because those suppliers will box them into a corner and draft the process out which costs a fortune”.
- An example of digital services reform was provided where “Police Scotland secures the evidence that we digitally captured and then pass through the entire system to court”. This will have “a hugely positive effect on the justice sector in Scotland”.
- One organisation had achieved reforms through “radical prioritisation”, pushing joint-partnership working as much as possible and continuing to review processes each year. Another body said it had moved from a ‘platinum’ standard down to a ‘gold’ or ‘silver’ standard to meet required efficiencies.
- “Cultural friction” can occur when organisations are brought together into one structure and can require effort and engagement with staff and stakeholders to ‘bring people along’ with the new body. Police Scotland highlighted that “imposing national metrics ... created a false change in behaviour” in the early days of police reform.
- In order to “collaborate really powerfully, we need to be able to share data across public services, we need systems that talk to each other across public services [and] there is also opportunity around automation of processes and bringing in artificial intelligence to deliver efficiency and improve quality”.
- Savings that are achieved by an organisation or organisations should be ploughed back into continuing to improve services they deliver.
- While the Scottish Delivery Bodies Group recently undertook a feasibility study identifying some key areas for shared services around digital, procurement and human resources, the staff involved did not have the capacity and time to drive this forward. Therefore, “if there was an opportunity to ring fence a group of experts from the organisations who could come together and have that work as their primary focus, we would see some really positive movement”.
- Public service reform requires underpinning investment in infrastructure and data, a clear and shared vision to drive reform, and strong leadership. It was argued that the Scottish Government needs to be an enabler of reform.

- Progress with reform should be measured through corporate reporting. Organisations should be asked to include an indicator within their reporting mechanisms to show how they are making progress against reform objectives.
- Without any updated figures, the Scottish Government's Resource Spending Review figures continue to be used by public bodies to plan budgets through that period.
- The number of public bodies was questioned. Transport Scotland suggested that the "landscape is quite cluttered", while Revenue Scotland highlighted that its founding legislation had enabled it to delegate some functions to other bodies, such as Registers of Scotland, to avoid duplication. This could be a positive model to use in the future.

6 June evidence session

21. In its written submission, **NHS Ayrshire and Arran** states that posting a financial deficit in 2017 (£23 million) triggered escalation involving a 3-year plan with cost-improvement targets between 2018-2021, which resulted in reducing the deficit to £20 million in 2018-19 and £14.3 million in 2019-20. However, a deficit of around £26 million is forecast for 2022-23 "primarily due to inflation, post-Covid legacy and increasing costs in medicines, energy and supplies". Its Distributed Working and Estates Rationalisation programme is expected to deliver significant savings in travel costs and support sustainability. It may also lead to some accommodation being released. It has produced a costed Digital Reform Plan to track implementation of ambitions in its Digital Strategy, including cloud-hosting, refresh of devices, redesign of network estate, and additional staff to ensure delivery. It is working in partnership with local Integration Joint Boards on "whole health and care system reform" and with community planning partnerships to identify opportunities for collaboration to maximise property efficiencies. It notes that NHS boards have been asked to set out 3-year financial plans aligned to their Annual Delivery Plans for June 2023.
22. **Argyll and Bute Joint Integration Board** is the governance body for the Health and Social Care Partnership (HSCP). In written evidence, it describes the Scottish Government's timetable for producing plans for delivering public sector reform by later this year, as "very difficult to manage", and states that "clear and specific guidance is required urgently if these deadlines are to be met". It acknowledges that service transformation and redesign is required and suggests that "a lack of investment in infrastructure in HSCP assets adds to the challenge of developing and implementing transformational change projects". New local partnerships are being formed to consider how preventative approaches can reduce the need for more intensive hospital and residential care. Investment in replacement facilities and integrated digital systems would, it suggests, enable improvements and avoid current inefficiencies and duplication. Land and assets which are not in use could, it suggests, potentially generate capital receipts for NHS Highland or be used to help progress local development plans. Finally, the HSCP highlights that improving public procurement should remain a priority, with recent developments tending to

have complicated procurement processes. It views low-risk and low-value procurement as over-regulated whilst “there remain on-going problems with cost over-runs, delays and risk transfer with larger scale, complex and high-risk procurement processes”

Next steps

23. The Committee will continue taking oral evidence in relation to this inquiry at its meeting on 20 June 2023.

Committee Clerking Team
May 2023

Written Submission from Argyll and Bute Integration Joint Board

Please tell us about your organisation type and sector

Argyll & Bute Health & Social Care Partnership

The Argyll and Bute Health and Social Care Partnership (HSCP) is responsible for the planning and delivery of all community and acute health and social care services for adults and children throughout the region. Its partners are NHS Highland and Argyll and Bute Council. This includes services we deliver directly and a wide range of services which are purchased from external providers including NHS Greater Glasgow and Clyde.

Argyll and Bute is home to 85,430 people, covers an area of 690,946 hectares and is the second largest local authority by area in Scotland. It has 23 inhabited islands, with 17% of the population living on these islands. Argyll and Bute provides a number of unique opportunities for those who live and work here, however we also face a number of significant challenges. The geography associated with dispersed communities in remote and rural areas and islands presents a challenge in delivering services within the resources available. Of the population, 69% live in "remote" or "very remote" areas and 45% live in areas in the 20% "most deprived for geographic access to services". Argyll and Bute has a higher proportion of older people than Scotland as a whole, with 11.6% aged 75+ compared to 8.5% in Scotland. This presents a serious demographic challenge, in the context of a reducing population which is having an impact on our funding and ability to recruit staff to deliver services.

How many FTE (full time equivalent staff) does your organisation have? (1-9 / 10-49 / 50-249 / 250+)

250+.

To what extent is your organisation fully using its land/estates/offices and what scope is there for efficiencies in these areas?

The Argyll & Bute HSCP utilises buildings and land owned by NHS Highland and Argyll and Bute Council.

Most of the property portfolio (circa 70 buildings) is well used, particularly buildings which are used for direct health and social care service provision to members of the public. Recent expansion of staff teams and the re-mobilisation of services following Covid19 has resulted in some space shortages. However, the properties operated by the HSCP are generally in poor condition and have suffered from a lack of investment over many years. This has resulted in derelict and close to derelict properties in some areas. The HSCP is participating in place based reviews to consider how the Estate could be better utilised with key partners. It has also recently invested in increasing management capacity to address backlog maintenance, strategic investment business case development and carbon reduction plans.

Scope for efficiencies through estates rationalisation is limited without withdrawal of key services from the relatively small towns and rural communities served by the HSCP.

Investment in existing properties will likely provide opportunities for improved energy efficiency and reduced energy costs. Further development of shared services with partners may generate some opportunity for office accommodation efficiencies, this is being progressed on a place based basis.

The HSCP also has land and assets which are not in use and these could potentially generate some capital receipts for NHS Highland or be used to help progress local development plans.

What is your organisation's total pay bill for 2023-24 (in £ millions), compared to 2022-23 levels?

TBC pending annual accounts.

What opportunities for further efficiencies has your organisation identified in these five priority areas for reform? Please give brief descriptions and timescales for delivery.

Embedding and expanding innovative practices such as 'virtual wards' and 'near me' provides an opportunity to improve efficiency by reducing patient travel time and improving the use of available staff time.

The HSCP continues to suffer from digital systems not being fully integrated between health and social care and this results in inefficiency through duplication of bureaucratic processes. Addressing this properly requires investment but would

provide opportunities for front line staff to work more effectively and support staff efficiencies.

As above, some opportunities exist for co-location with partners. However significant investment in replacement facilities is a priority for the HSCP. This investment would in turn provide opportunity for reform and be a driver for place based development and improvement of communities in the area. It also provides an opportunity to consider new models of care, new partnership working arrangements (for example with the housing sector) and improve the estate, including residential care facilities which are in need of renewal. Some reduction in the number of buildings operated could result.

The HSCP sector is currently facing significant uncertainty as a consequence of the delays to the co-production phase of the National Care Service. It has responded in detail to the consultation process associated with the NCS. This project clearly presents an opportunity for reform and improvement but there is a current lack of certainty which is making longer term planning and transformation particularly challenging.

The disruption and costs associated with reform need to be carefully analysed alongside the benefits. The challenges associated with implementing change and delivering the expected benefits in the public sector require to be realistically considered.

Opportunities are limited, the majority of the activity of the HSCP is NHS related. For social care services the HSCP does seek to maximise income where it can. New charges for services are considered regularly, revenue from the roll out of electric vehicles and their charging infrastructure is being actively considered, although this will not offset the net additional cost of electrification of the vehicle fleet. Development of renewable energy generation within the estate may also be an option for revenue maximisation, this requires support to develop feasibility studies.

Improving public procurement should remain a priority. Recent developments in this area have tended to complicate procurement processes. They have also resulted in an increased reliance on procurement professionals (now difficult to recruit), even for relatively minor and straightforward procurements. There are also instances where public procurement processes can make it difficult for smaller and local suppliers to access contracts. It can be challenging to purchase services in remote and island communities due to lack of suppliers active in these areas.

Perhaps the focus has shifted too far towards regulation of almost all procurement, including relatively low risk and low value procurement while there remain on-going problems with cost over-runs, delays and risk transfer with larger scale, complex and high risk procurement process. Introducing additional gateway review processes may be helpful but also result in additional business case development costs and very lengthy lead in times for getting projects approved.

The Scottish Government has asked public bodies to produce their plans for delivering public sector reform by later this year, in order to inform the 2024-25 budget. How realistic is this timescale? (Very difficult to manage / Challenging to manage but achievable / Timescale is straightforward to meet).

Very difficult to manage.

Please add here any other comments on these timescales and other challenges for achieving this.

For the HSCP sector there is a lack of clarity and delay relating to the implementation of the NCS. There are additionally structural financial issues in the NHS which require to be addressed through increased funding or prioritisation for service change by Government. The HSCP is currently working with NHS Highland on its financial recovery plan. Clear and more specific guidance is required urgently if these deadlines are to be met. The actual implementation of significant change is unlikely to be deliverable in 2024/25.

Please tell us if, and how your organisation's plans seek to deliver on the Scottish Government's three strategic priorities, set out below? Please also outline briefly any barriers to delivering these priorities.

Tackling child poverty

Key stakeholder in delivering the Local Child Poverty and Children and Young Peoples Service Plan.

Transforming the economy to achieve a just transition to net zero

Investment in this area to develop strategic approach.

Ensuring sustainable services

Reflected in the actions of the strategic plan with a focus on remote and island agenda and development.

Given the Government ambitions to reduce the public sector head count and total pay bill costs to 2022-23 levels, what level of reduction in FTE does this mean for your organisation, and how do you plan to achieve it and by when?

This target does not currently apply to HSCPs. Recent funding has been allocated to increase staffing and this has taken some time due to well publicised workforce pressures and shortages in the health and social care sector. The HSCP does have a transformation and saving programme in place which will result in some reductions in staffing, however, reducing reliance on expensive agency staff by increasing permanent and sustainable staffing is priority.

How, if at all, is your organisation working collaboratively with other public sector organisations to produce joint service reform plans for the public body landscape and use of resources (for submission to the Scottish Government later this year)? (Leading collaborative work on joint service reform plans and use of resources with other relevant public bodies / Involved in collaborative work on joint service reform plans and use of resources with other relevant public bodies / Not involved in any relevant collaborative work on reform and use of resources)

Involved in collaborative work on joint service reform plans and use of resources with other relevant public bodies.

Please add here any other relevant information on your approach to collaborative working on joint service reform plans and use of resources.

The HSCP has a public value / best value ethos and understands the wider role it has in the life of local communities and in supporting the most vulnerable in society.

It also fully recognises the key role it plays in local economies as a large employer and provider of resourcing to other local organisations.

The HSCP works closely in partnership with Argyll and Bute Council and NHS Highland in this regard. It engages effectively with both partners and is also active in several place based reviews which include a wider range of local partners with an interest in specific areas or towns.

Additionally the HSCP is committed to working with 3rd sector charities and private sector providers to help deliver a wide range of services. The HSCP is building collaborative approaches rather than an outdated commissioner and provider relationship however this involves considerable time and effort.

Confidence in health and social care services should be recognised as an important component of ensuring that communities throughout the area thrive and expand.

What level of support and guidance has your organisation been given by the Scottish Government to deliver the efficiencies and plans necessary for your organisation, and how adequate has this been? (Not aware of any support and guidance from the Scottish Government / Support and guidance from the Scottish Government fulfils some of my organisation's needs / Support and guidance from the Scottish Government fulfils most of my organisation's needs / Support and guidance from the Scottish Government fulfils all my organisation's needs)

Support and guidance from the Scottish Government fulfils some of my organisation's needs.

Please add here any other relevant information on the level of support and guidance provided or needed from the Scottish Government to deliver the efficiencies and plans necessary for your organisation.

Improved clarity on funding plans is required, recent high levels of price inflation have made it exceptionally difficult to integrate longer term operational and financial

planning. Continued prioritisation and expansion of specific services or aspects of care (in line with government policy) can be to the detriment of core service provision and local priorities and management of available resources. Workforce continues to be a constraint and there are occasions where it has been exceptionally difficult to recruit appropriately trained and experienced staff to deliver on these priorities.

The primary care improvement project is a further example of where there has been late changes made to a long term change programme which has resulted in local operational and relationship difficulties. It is also an example of a change programme which perhaps didn't fully consider how it could be implemented in very small remote and rural communities and lacked a sensible level of flexibility at the outset.

The HSCP is also of the opinion that the challenges (financial and others) of delivering small scale services in remote and island communities could be better understood and supported by Government.

Improved longer term workforce planning is essential along with demographic modelling. The pressures on health and social care associated with an ageing population will become increasingly unmanageable. Action is required in the short term to quantify and plan for expected future service demand and care models. Workforce availability, skills modelling and training should be prioritised. The government and health and care sector as a whole will probably be required to value and remunerate its staff (social care staff in particular) better to manage future service need.

Can you describe the impact of your plans for reform on how your services will be delivered, in both the short and long term?

In the short term the HSCP is seeking to improve efficiency and manage financial pressure without diminishing local services. This is particularly challenging when so many services delivered by the HSCP are of a very small scale and dependent on a very small number of health and social care professionals.

It is acknowledged that service transformation and redesign is required. Workforce and financial constraints are key drivers of this. However, a lack of investment in infrastructure in HSCP assets adds to the challenge of developing and implementing transformational change projects.

Work on preventative projects is underway and this is resulting in the formation of new local partnerships and is initially considering how preventative approaches and interventions can reduce the need for more intensive hospital and residential care.

How do you propose to monitor and assess the impact of any reforms on the quality and delivery of your organisation's services?

The HSCP seeks to be open and transparent in this regard, it has a detailed performance management system. This ensures that nationally identified performance indicators are reported upon regularly. The HSCP also seeks to review performance in a more holistic way and is in the process of improving the way in which it engages and consults with the communities it serves.

Written Submission from NHS Ayrshire and Arran

Please tell us about your organisation type and sector

Health board;
Health sector.

How many FTE (full time equivalent staff) does your organisation have? (1-9 / 10-49 / 50-249 / 250+)

250+.

To what extent is your organisation fully using its land/estates/offices and what scope is there for efficiencies in these areas?

NHS Ayrshire & Arran undertake regular reviews of its property and land holdings to ensure that they align with the service needs. The Board has a number of ongoing initiatives to improve the efficiency and effectiveness of its accommodation including a “Distributed Working and Estates Rationalisation” programme focussed upon non clinical offices. This is expected to increase the utilisation of these types of areas, support our Caring for Ayrshire strategy and ultimately either release space for alternative uses (such as clinical use) or exit and disposal / demolition. Whilst there have been significant changes since the pandemic in how office space is utilised, the changing working patterns has allowed us to absorb additional staff demands within the existing area of accommodation rather than expanding the overall area. Our current action plan will develop this strategy further, to ensure that all accommodation has appropriate utilisation levels or considered for exit and disposal.

We work closely with a number of other public bodies including local authorities to identify opportunities for collaboration to maximise property efficiencies. Where properties have become surplus, these have either been demolished or disposed through the property market. Our Caring for Ayrshire strategy will require long term investment in our infrastructure, to delivery facilities which are fit for purpose and deliver upon the transformational service changes to achieve improvements in patient care. Through this programme, it is expected that there will be significant improvement in our property efficiencies, however this is dependent upon capital funding.

What is your organisation's total pay bill for 2023-24 (in £ millions), compared to 2022-23 levels?

£592 million salaries costs for 22/23 and forecast for 23/24 to be about £630 million.

What opportunities for further efficiencies has your organisation identified in these five priority areas for reform? Please give brief descriptions and timescales for delivery.

The new Digital Strategy covering 2023 until 2025 was approved by the NHS Ayrshire and Arran Board on 30th January 2023. The Digital Strategy covers a number of elements which will underpin the digital work carried out within NHS Ayrshire and Arran over the next two years. This includes our vision, ambitions, foundations, delivery roadmap and benefits.

A fully costed Digital Reform Plan has been produced as a means of tracking the implementation of the ambitions contained in the Digital Strategy and we have identified a number of key deliverables that form part of that plan and are supplemented by other work that is critical to the improvements that digital technology can make to the work of NHS Ayrshire and Arran going forward.

Key elements of the reform plan include:

- Redesign and establishment of our network estate and pervasive WiFi
- Refresh of our end user estate (devices) with a clear replacement rolling programme
- Cloud hosting of all services currently within our own datacentres
- Additional cybersecurity measures and systems
- Additional staff to ensure delivery of programme and appropriate on-going delivery

In addition to an overhaul of our foundational elements of digital delivery, the plan includes improving our access to modern systems and use of data, including:

- Full deployment of Office 365
- Full upgrade to our Patient Management System, Trakcare, including mobile user interfaces
- Upgrades to Laboratory and Emergency Department systems
- New Theatre Management, Patient Wristband, Clinical Comms and ICU systems
- Delivery of a single Electronic Patient Record
- Support for Distributed Working within NHS Ayrshire and Arran.

All of our plans align closely to the Scottish Government's Digital Health and Care Strategic ambition(s) as outlined within Enabling, Connecting and Empowering: Care in the Digital Age and starts us on the journey of delivering their 2015 Cloud First Strategy.

The wide adoption of O365 and MS Teams has provided us with the opportunity to reconsider how and where activities are carried out to maximise the effectiveness and efficiency of work. Our Distributed Working and Estates Rationalisation programme is expected to deliver bookable workspaces available for all staff in the best location and period of time for a particular task. It is expected that this will continue to deliver significant savings in travel with resultant lower travel costs, abortive time and support the Board's sustainability strategy. This is also expected to allow some accommodation to be released for other purposes such as clinical use and other accommodation to be vacated and sold or demolished. A reduction in overall area maintained by the organisation should result in benefits of a reduction in operational costs. We are also working closely with a number of other public bodies through our Community Planning Partnerships to identify opportunities for collaboration to maximise property efficiencies. This is a key element of our Caring for Ayrshire ambition.

Efficiencies in public procurement can be achieved through utilising the Procurement Contract Scotland portal, with opportunities increased for accessing a wider supplier group this increasing competition to improve quality and add value. Reform will allow increased identification of partnering opportunities with other public bodies, increase the use of national frameworks and avoid duplication of activity through using what other organisations have done. Embracing digital tender and mini competition submissions will reduce the risk of inappropriate activity and provide a digital record necessary for audit purposes to maximise commercial compliance. There are further opportunities to improve "marketing" of tender opportunities and reporting community wealth building successes. Digital collection allows various areas of data to be captured and reported and subsequently used to drive initiatives and improve outcomes.

The Scottish Government has asked public bodies to produce their plans for delivering public sector reform by later this year, in order to inform the 2024-25 budget. How realistic is this timescale?

NHS boards have been asked to set out 3 year financial plans aligned to their Annual Delivery Plans for June 2023. These plans describe ongoing recovery intentions alongside renewal and reform ambitions as part of the Medium Term Plan submission.

Please tell us if, and how your organisation's plans seek to deliver on the Scottish Government's three strategic priorities, set out below? Please also outline briefly any barriers to delivering these priorities.

Tackling child poverty

The NHS along with local authorities are required to deliver a variety of programmes of work aimed at improving child health and life outcomes which in turn tackle and/or mitigate the impacts of childhood poverty and adverse life events. An update report from the Director of Public Health for NHS Ayrshire & Arran describing a significant range of ongoing activity undertaken by the health board can be found here (<https://www.nhsaaa.net/media/12645/2022-08-15-bm-p22-ph-child-health-report.pdf>)

Transforming the economy to achieve a just transition to net zero

Responding to the global climate emergency is one of the Scottish Government's highest priorities. Sustainable development is integral to the Scottish Government's overall purpose as set out in the National Performance Framework (NPF). The outcomes of the NPF are closely aligned to United Nation's Sustainable Development Goals. In January 2022 NHS Ayrshire & Arran approved a new Climate Change and Sustainability Strategy to provide a framework for the organisation to maximise its contribution to mitigating and adapting to the effects of global climate emergency and for the development of integrating sustainability into our everyday actions as an organisation. This has been mandated through "A Policy for NHS Scotland on the Global Climate Emergency and Sustainable Development", superseding CEL 02 – A Policy on Sustainable Development for NHSScotland 2012. The aims of which are to be integrated into all planning, management decisions and operational practices across the board to respond fully to the global climate emergency and achieve sustainable outcomes tackling social equality, environmental, and a financial sustainability.

The strategy sets out the aims that we must reduce our greenhouse gas emissions across our estate, activities, goods, and services, meeting the Scottish Governments targets, achieving net zero by 2045. Establish a culture of stewardship where healthcare professionals are mindful of the resources they use, delivering more sustainable care. Creating a circular economy and stopping the incineration of medical waste. Designing out pollution, keeping materials in use and contributing to regenerative natural systems. Promotion of our greenspace, tackling the ecological emergency increasing and restoring biodiversity, and becoming an anchor institution integral to the community in which we seek to care for. A copy of the strategy can be

found here (<https://www.nhsaaa.net/media/11845/2022-01-31-bm-p10-climate-change-and-sustainability-strategy-2021-2032.pdf>)

Ensuring sustainable services

See above.

Given the Government ambitions to reduce the public sector head count and total pay bill costs to 2022-23 levels, what level of reduction in FTE does this mean for your organisation, and how do you plan to achieve it and by when?

Current FTE staff permanently contracted are around 9,400, however in addition we utilise around 450 FTE bank staff, 300 FTE extra hours for existing staff , 86 FTE of overtime, 117 FTE of agency staff. It is these supplementary staffing approaches that we have set out a plan to reduce as part of our Annual Delivery Plan and associated Financial Plan for 2023/24. We plan to reduce by about half in 2023/24 as we resize our bed footprint in our hospitals post pandemic towards pre-pandemic levels.

How, if at all, is your organisation working collaboratively with other public sector organisations to produce joint service reform plans for the public body landscape and use of resources (for submission to the Scottish Government later this year)?

NHS Ayrshire & Arran working in partnership with East Ayrshire Integration Joint Board (IJB), North Ayrshire IJB and South Ayrshire IJB described within our Caring for Ayrshire ambition a plan for whole health and care system reform. This was relaunched with system partner support in 2022. This approach has formed an integral part of working jointly with Community Planning Partners through Community Planning partnerships. Detail of our Caring for Ayrshire Ambition is here (NHS Ayrshire & Arran - Caring for Ayrshire (nhsaaa.net))

What level of support and guidance has your organisation been given by the Scottish Government to deliver the efficiencies and plans necessary for your organisation, and how adequate has this been?

In 2017/18 the Board for the first time posted a financial deficit (£23 million) which triggered escalation.

From this point of escalation the below measures were put in place to support the Boards recovery.

- An independent consultant was commissioned to complete a diagnostic review
- An Improvement Director was appointed for 1 year
- A 3 year plan with cost improvement targets was put in place for 2018-2021

The deficit reduced each subsequent year to £20 million in 2018/19, £14.3 million in 2019/20. The years of the pandemic were funded differently and breakeven positions were reported for 2020/21 and 2021/22. However, the Board forecast a 2022/23 deficit of around £26 million. This primarily due to inflation, post COVID legacy, and with increasing costs in medicines, energy and supplies.

The oversight from the National Performance Framework remains in place and the expectation remains that a recovery plan, inclusive of sustainable reform is a priority and required.

Can you describe the impact of your plans for reform on how your services will be delivered, in both the short and long term?

In 2019, following the independent review through the escalation process, it was agreed that the Caring for Ayrshire Strategy held the foundations of reform needed to support the longer term financial and operational performance recovery of NHS Ayrshire & Arran. We remain committed to deliver on those ambitions; a reduction in health inequality, care closer to home, minimise avoidable hospital based and bed based care in preference for realistic medicine, care in the community, right patient, right time, right place. Detail of our Caring for Ayrshire Ambition is here ([NHS Ayrshire & Arran - Caring for Ayrshire \(nhsaaa.net\)](https://www.nhs.uk/our-ambitions/caring-for-ayrshire-ambition))

As a Board we recognise and agree that sustainable improvement in operational and financial performance across the full spectrum of health and care service provision will require transformation. Securing transformation when the pace and demand for service is high is not simple but as a system we are committed to reduce health

inequality, build on and with our anchor organisation status and ambitions for wealth creation and make Ayrshire and Arran a place of preference to build a future that retains and nurtures its local communities for the benefit of all communities.

In the immediate term the priorities for NHS Ayrshire & Arran (2023/24) are to focus on system safety and service resilience to ensure we have the safest hospitals possible and progress with our Digital Strategy:

- Close additional, unfunded (non-core) beds throughout the pandemic;
- Reduce nurse and medical agency spend to pre-pandemic levels;
- Reduce delayed transfers of care and rebalance financial risks within Integration scheme with IJBs;
- Embed realistic medicine principles; and
- Digital transformation, system wide infrastructural renewal and information sharing (shared electronic patient record, pan-Ayrshire)

How do you propose to monitor and assess the impact of any reforms on the quality and delivery of your organisation's services?

Ongoing review and monitoring of service and system reform is a business as usual aspect of reporting through internal governance organisationally to the NHS Board and to Scottish Government as part of performance monitoring approaches.