NHS National Services Scotland

National Specialist Services Committee (NSSC)

Governance Framework

National Services Division (NSD)

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NOTE: Throughout this document the term “services” includes national designated ‘specialist services’ and ‘national managed clinical and diagnostic networks’.)

If you have any queries regarding this Framework, please contact: nss.nsd-enquiries@nhs.scot

1. Background

Scottish Government Health and Social Care Directorates' (SGHSCD) Ministers approved the role, remit, membership and ways of working of the National Specialist Services Committee (NSSC) in September 2012.

This document sets out the governance and ways of working of the NSSC and support systems to provide reassurance that decisions made are reasonable, transparent and justifiable and are on a 'once for Scotland' basis.

2. Aims of National Specialist Services Committee

Proactive planning of services that require national commissioning is essential and should be an integral part of healthcare planning in NHS Scotland.

The National Specialist Services Committee (NSSC) considers and advises NHS Boards and SGHSCD on the provision of nationally designated specialist services for Scotland.

Nationally designated specialist services for Scotland are reviewed every 3-5 years to ensure services continue to require national designation, are of high quality, and meet patient needs into the future.

3. Summary of Working Principles of NSSC

3.1 Expert advice

A single overarching National Patient, Public and Professional Reference Group (NPPPRG) provides advice to the NSSC with a remit to liaise with professional, patient and public representative and advisory groups and a topic specific engagement programme to ensure effective input from patients, service users and their families, and from the general public.

3.2 Governance model

The Governance model, as approved by the NHS Board Chief Executives' Group (NHS BCEs) and SGHSCD Ministers, involves the NSSC making its recommendations to the collective group of NHS BCEs, and through them to SGHSCD. SGHSCD Ministers set the policy for national specialist services – including deciding on which services should be nationally commissioned, and any strategic change in provision.

3.3 Delegated authority

NSSC/NSD has delegated authority from NHS Boards and SGHSCD to develop and progress minor operational changes in service provision in partnership with providing Boards to ensure sustainable delivery of high quality services.

3.4 Annual cycle

The work of NSSC broadly follows an annual cycle but there is flexibility for proposals / applications / reviews / de-designations to be considered throughout the year with different timeframes depending on the complexity, cost, and extent of service change involved. An indicative annual timetable is set out at annex 1.

3.5 Scrutiny

The scrutiny model of designated specialist services focuses on performance in relation to delivering quality and clinical outcomes; rather than inputs – staff, facilities and consumables. (Section 7)

3.6 Annual funding round

NSSC oversees the financial arrangements for designated national specialist services through an annual funding round to set the budget for designated specialist services

(including National Managed Clinical and Diagnostic Networks). Individual NHS Board financial shares are based on population shares (Section 8).

4. NSSC and NPPPRG Remit & Membership and Ways of Working

4.1 NSSC Remit

The National Specialist Services Committee (NSSC) advises the NHS Board Chief Executives' Group and through them, the Scottish Government Health and Social Care Directorates. The Committee is a key part of the governance of specialist services and national managed clinical and diagnostic networks, acting on behalf of NHS Board Chief Executives, and providing recommendations to them and to Scottish Government.

The NSSC operates at a high level within NHS Scotland, with a responsibility to represent the interests of all of the territorial NHS Boards in Scotland – the organisations with statutory responsibility for the delivery of patient care.

NSSC is required to consider the needs of the population, not the needs of the service; and the separation of functions between the responsibilities of NHS Boards as providers, and as advocates for the population, are reinforced in the ways of working of the Committee.

Its remit is to:

- Advise on designation and provision of specialist services and managed clinical / diagnostic networks which require supra regional planning and delivery arrangements including both:
    - Proactively working up and considering proposals for national designation from a wide range of different organisations;
    - Considering specific applications from specialist services providers and clinical / diagnostic networks;
- Liaise with NHS England to advise on arrangements for access to highly specialist services which cannot be provided within Scotland;
- Advise when national specialist services and national managed clinical / diagnostic networks should be de-designated and funding devolved to NHS Boards;
- Advise on the financial allocation for the provision of designated specialist services and recommend the level of total top slicing for specialist services and national managed clinical / diagnostic networks annually;
- Provide scrutiny and oversight of the provision of designated services and their performance, including:
    - the overall budget, financial performance and efficiency;
    - the effectiveness of operational decisions on national services taken by National Services Division (NSD).

Robust structures and processes are in place for NSSC to obtain professional, clinical advice and patient, public views through NPPPRG, and ensure appropriate consultation and involvement of all interested parties.

4.2 NSSC Membership

The membership of NSSC comprises senior representatives of each territorial NHS Board in Scotland:

Chair:

- NHS Board Chief Executive (nominated by NHS BCEs Group, and usually the BCE who chairs the NHS BCEs group)

Members:

- 14 nominees (one from each territorial health board – a mix of Medical, Nursing, Planning, Public Health, Finance, etc)
- Chair of National Specialist Services Professional, Patient and Public Reference Group (NPPPRG)

Observers:
- 2 SGHSCD observers**.**

Apart from the Chair, Members are nominated and appointed by their own NHS Board – on a 3 year term of office.

4.3 NPPPRG Remit

The National Professional, Patient and Public Reference Group (NPPPRG) is the mechanism to provide expert advice and patient / public views to NSSC. NSSC decisions are subject to advice from NPPPRG

Working with NSD, this group sources appropriate professional, patient and other advice on proposals and issues to be considered by NSSC.

NPPPRG works with broad range of professional, public, and patient groups to source advice for NSSC. These include the Scottish Government's specialty advisory groups, patient groups including those on rare diseases, Royal Colleges including Royal College of GPs, British Medical Association, the Diagnostic Steering Group, the Scottish Genetics Laboratory and Molecular Pathology Consortia, Scottish Health Council, Scottish Public Health Network, Scottish Health Technologies Group, NHS Board Regional Planning Groups and Regional Cancer, Cardiac and Mental Health Networks. Short life working groups may be set up on particular services and issues to advise NPPPRG and NSSC as required.

4.4 NPPPRG Membership

The Reference Group has a sufficiently broad membership to ensure that a meaningful debate can take place on all proposals to be considered by the NSSC. NPPPRG is expected to consider detailed information from a range of special interest experts and patient groups to represent relevant views and to consolidate and agree a common set of advice for NSSC. The Chair of the NPPPRG is a member of NSSC to provide a clear linkage.

Chair:
- Professional/academic/research – appointed in personal capacity, independent

Members:
Representatives of:
- Academy of Royal Colleges and Faculties (3)
- Scottish Health Council / Public /Patient representatives (3-4)
- Directors of Public Health Group/Public Health Network (2)
- NHS Board Medical Directors' Group (2)
- NHS Board Nursing Directors' Group (1)
- NHS Board Regional Planning Groups' Directors (3)
- General Practitioner representatives – SGPC and RCGP (Scotland) (2)
- Healthcare Improvement Scotland
  - The Scottish Health Technologies Group (1)
  - Scottish Medicines Consortium (not standing membership)
  - Scottish Intercollegiate Guidelines Network (SIGN) (not standing membership)
- Managerial/Finance staff providing specialised and tertiary services (1)
- Health Economist (1)

Observers:
- SGHSCD observers (Medical/Nursing/Scientific/Research/Policy) (3)
- Representative of NHS England highly specialist commissioning team (1)

Sources of advice required but not represented by membership would be drawn from existing professional, patient and public groups such as:
- National Planning Board
- Scottish Government Specialty Advisers
- Patient Groups for individual specialist services

- Special NHS Boards such as the Scottish Ambulance Service, NHS 24 and NHS Education Scotland
- UK Rare Diseases Advisory Group
- UK Rare Diseases Policy Board and Stakeholder Forum
- NHS England specialist commissioning team

Nominations for each representative are made by the groups on whose behalf the representative attends; appointments are on a 3 year term of office.

Members have a responsibility to identify any specific patient, public and professional interest groups that would need to be consulted in respect of a particular proposal; and are expected to play an active part in communicating to, and sourcing information from, their own extended networks on the proposals under consideration. For example, the members appointed from the Scottish Academy of Royal Colleges and Faculties would be expected to identify the specific lead professional interests and to communicate with the appropriate College to seek their input and comments on proposals for designated services.

4.5 NSSC and NPPPRG Ways of Working

Frequency of meetings

Meetings of NSSC and NPPPRG are held 4 times per year and detailed papers are provided by NSD to explain the nature of proposals for designated specialist services. As required, NSSC and/or NPPPRG might decide that a specific short life working group is required to consider and advise on a particular proposal.

Responsibilities of Members

Members are appointed by a peer group or NHS Board as the group/Board's representative and have a responsibility to consult and feedback to the group/Board they represent. Their role is to contribute advice on the suitability of services to be funded as a national specialist service without regard to purely local or other special interests.

Full participation in discussion and attendance at meetings is expected. Members should advise if they are unable to attend a meeting and where possible nominate an appropriate deputy. Members who do not attend 4 consecutive meetings will be considered to have resigned.

Members are appointed to NSSC/NPPPRG for a fixed term of office of 3 years. Members may serve more than one term of office, but no more than two consecutive terms of office in the same capacity on the Committee/Group.

Declaration of Interest

Any personal interest which may impinge or might reasonably be deemed by others to impinge on a member's impartiality in any matter relevant to his or her duties should be declared.

Conduct of Meetings

Meetings will be conducted with due regard to the terms of reference and to the normal conventions of committee procedures. Members should:

- read the papers in advance therefore come prepared to each meeting.
- respect each other's views (even if these are different to their own)
- ensure that their input is conducted in an appropriate confidential manner
- note actions allocated to them and complete within the agreed timeframe
- make every effort to arrive at consensus decisions.

Business of Meetings
In addition to matters arising from previous meetings and regular reports, members who wish to raise new items of business for inclusion on the agenda may do so by advising the Secretariat of the topic and supplying any material for circulation (which will be copied and issued with the agenda). This should be done as far in advance as possible although if time does not permit, such matters can be raised under 'Any Other Business'. In this case, members should advise the Secretariat of the topics they intend to raise.

Confidentiality of Proceedings
The business of NSSC/NPPPRG is conducted in confidence since this enables the free exchange of views to be shared without inhibition. Members are required to canvass the opinion of their colleagues on items arising and NSSC/NPPRG meeting papers therefore have three levels of categorisation:

- **Confidential NSSC members only**– this is anticipated to be an infrequent classification, to be used to cover sensitive or confidential material and papers which should not be shared or published without the express agreement of the NSSC secretariat.
- **NSSC discussion** – the most frequent classification where NSSC members can share with a 'colleagues'* in order to bring a considered perspective to the meeting. Again papers should not be published without the express agreement of the NSSC secretariat.
- **No restrictions** – NSSC members would be free to share and publish such papers.

* The term 'colleague' should be interpreted as those others who have no conflict of interests and who could provide an informed opinion to the member.

4.6 NSD Role

NSD provides secretariat and executive support to NSSC/NPPPRG as planners and procurers of national services. NSSC provides governance and oversight of NSD in that role.

NSD is expected in preparation for meetings to:

- Receive proposals for designation from a wide range of stakeholders including the National Planning Forum, Regional Planning Groups, SGHSCD, NHS Boards, professional groups, specialist services providers, clinical networks;
- Compare these proposals with specialist services/networks which are commissioned with English benchmarks where available; and collect information about trends in use of these services by residents of Scotland;
- Research the evidence base for proposals/applications;
- Liaise with applicants/proposers to clarify any aspects that are unclear or which require further information;
- Reject any proposals which clearly do not fit the criteria for national designation and report to NSSC on any such rejections;
- Consult with stakeholders across Scotland – NHS Boards – including Special NHS Boards such as the Scottish Ambulance Service and NHS 24 - professional bodies, and Regional Planning Groups, to obtain views on proposals/applications which fit the criteria for designation (this could be done through a standing professional/expert reference group);
- Obtain appropriate independent professional advice including seeking views/advice from outwith Scotland (this could be done through establishing a standing professional/expert reference group);
- Scrutinise information on value of proposed service, compare with relevant comparators and current costs / benefits of existing treatments / care. Assess long term financial impact – and length of payback period if an "invest to save" proposal;

- Present papers to NPPPRG / NSSC summarising the evidence base, patient need, clinical and cost effectiveness, reason for proposed national designation, stakeholders / professional experts on the proposals/applications
- Facilitate and support NPPPRG in sourcing and considering views and expert advice
- Convey NPPPRG's views to NSSC
- Manage the work programme of NSSC and NPPPRG, and any short life sub groups set up to provide advice on specific issues
- Provide papers one week in advance of meetings
- Minute meetings and follow up actions agreed.

5. Governance model

The Governance model was approved by the BCEs Group and SGHSCD. It involves the NSSC making its recommendations to the collective group of NHS BCEs, and through them to SGHSCD. SGHSCD Ministers ultimately decide which services should be nationally commissioned, and any significant changes to the provision or designation of national specialist services.

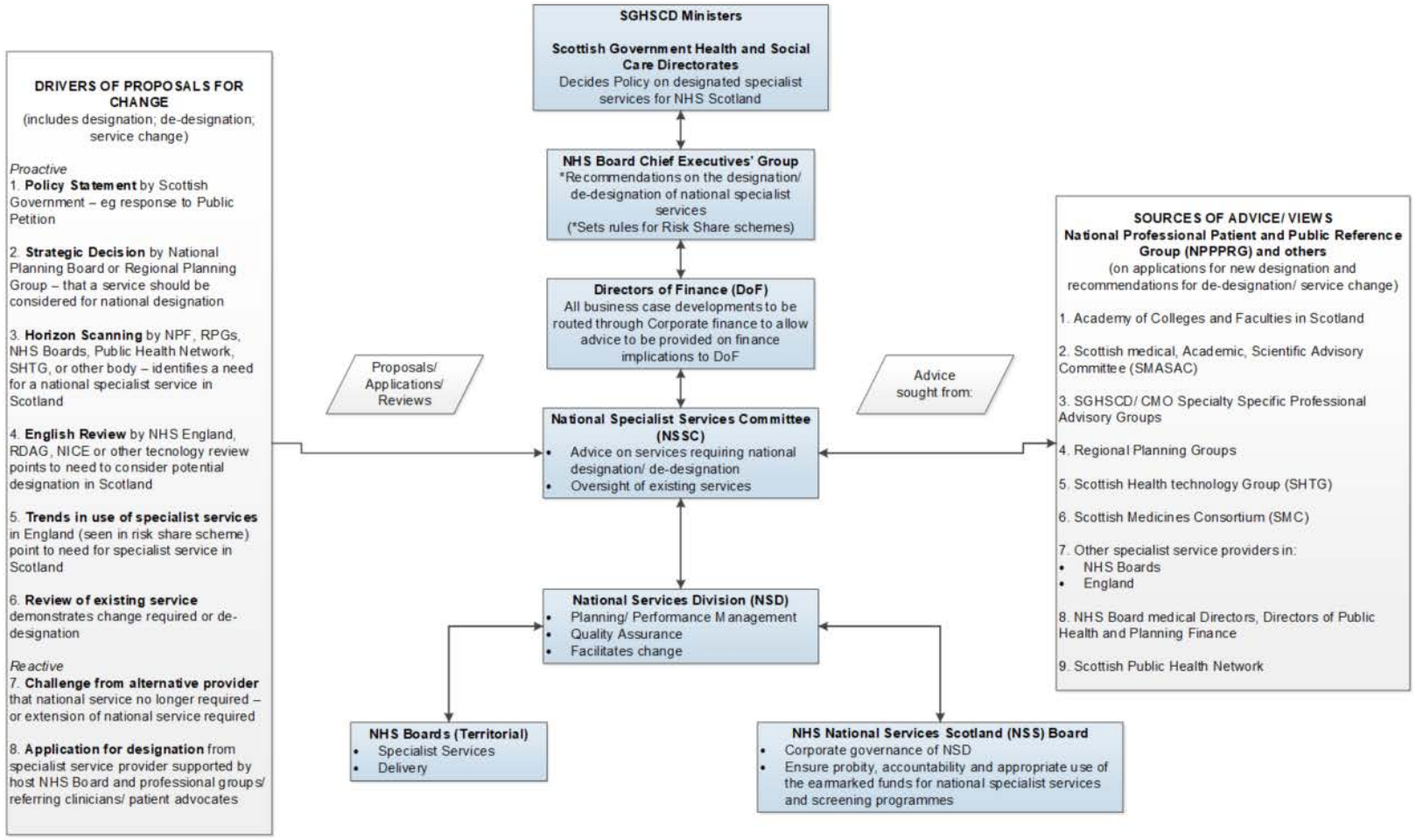
NSSC/NSD has delegated authority from NHS Boards and SGHSCD to develop and progress operational changes in service provision which are highlighted as a result of a minor review or following a business case for development: Such changes to ensure the continued sustainable delivery of high quality services may include:

- The definition of the service to reflect changes in clinical practice or reviews of effectiveness of treatment in different patient groups - which do not significantly affect patient numbers and costs of the service, but which might be required to keep expenditure within budget;
- The operational delivery of the service which do not involve withdrawal of service from all or a specific part of Scotland and significant additional patient travel;
- Change of location of service provision within the same city.
- Commit and monitor resources, within the agreed financial framework.
- Determine service and commissioning plans for nationally designated services
- Develop and implement initiatives for efficiency and productivity

NHS Boards and SGHSCD delegate NSSC authority to approve operational service change in designated services without having to seek SGHSCD approval – in keeping with the level of delegated authority of NHS Boards. The impact on Boards would be that minor changes to meet technological changes, ensure efficiency and service redesign to keep expenditure within the budget, would be approved by NSSC. Any changes which meet the definition of major service change are referred to the Board CEs' Group and SGHSCD Ministers.

Specialist Healthcare Commissioning

NSD Governance Model (NSD602-001.30)



6. Principles of operation

Proposals for national designation are not linked to a static annual cycle. NSSC has a role in proactive planning of specialist services as well considering applications. NPPPRG meets around 1 month before NSSC meetings. In between NPPPRG meetings, members will be expected to communicate and seek views on proposals within their respective areas of interest and responsibility, consolidate and submit comments to NSD by at least 2 weeks prior to NPPPRG meetings.

NSSC follows the following key principles:

- The work of the NSSC is underpinned by the principles of subsidairity and proportionality. Local NHS Board funding is the norm. This means that services will only be planned at a national level where there is clear benefit to patients in doing so and only to the extent that a national response is necessary. Any proposed national service should meet an agreed identified patient need.
- Where local arrangements are not effective in supporting a particular service, first recourse must be to NHS Board consortium arrangements. A decision to fund centrally will be rare, and must be supported by robust evidence that local arrangements or other sources of funding are inappropriate. There must be a clear benefit or a real threat to the continuing provision or development of a beneficial patient service, which serves the national rather than just a local population.
- There should continue to be regular reviews of nationally designated services (every 3-5 years) with a view to ensuring that only services that need to be, are commissioned nationally.
- In considering designation, and in reviewing services, the sustainability of very small services should be taken into account; and the need for contingency planning to provide continuity of service for patients, in the event of the loss of key skills.
- Central funding, extracted from NHS Boards' main allocations by top-slicing is a scarce commodity. Its use must be supported by robust evidence that central funding is the best way to guarantee the requisite outcomes for patients. Proposals need to represent value within the overall budget allocated by Scottish Government for NHS Scotland. Long term savings to the whole health and social care system might justify short term additional investment.
- The benefit to patients is of paramount importance. NSSC will base its decisions on an assessment of outcomes so far reported, and on whatever other evidence of benefit to patients is available to it, including research data from the UK and abroad, opinion from independent clinical experts and advice from the Scottish Government Health and Social Care Directorates.
- NSSC will make its recommendations prudently and, so far as is possible, transparently. Once final decisions are made by the Scottish Government, NHS Boards are required to abide by those decisions. Thus, no NHS Board should provide a centrally-designated service for which it is not a designated unit. No NHS Board should obtain a designated service from a non-designated unit.

6.1 Aims of National Commissioning

National commissioning is reserved for those very specialist services where local or even regional commissioning is not appropriate. It aims to:

- Ensure equity of access for all Scottish residents to specialist services
- Ensure the best possible clinical outcomes
- Provide a secure funded environment for the establishment and development of new national services
- Provide a risk-sharing arrangement for NHS Boards where incidence is sporadic and treatment involves specialist skills or expensive equipment.
- Avoid unnecessary and inappropriate proliferation of duplicate services, thus promoting clinical quality and cost effectiveness.

A national service should strive to deliver all aspects of the Quality Ambitions.

6.2 Criteria for decisions on designation of services

Criteria for national commissioning is aligned to the Scottish Government Quality Ambitions to ensure that national funding is used to provide services that have proven clinical effectiveness, meet a recognised need for all residents of Scotland, and require a highly skilled multidisciplinary team and/or specialist equipment and facilities that can be provided clinically and cost effectively in one or few locations. NSSC's decision making framework is based on agreed evaluation criteria. These are:

1. The clinical need for national commissioning of the service is significant and is within a clearly defined clinical area.
2. There is a clear target patient group or subset distinct for clinical reasons.
3. The service is for a condition requiring diagnosis and/or treatment that is rare and/or unpredictable and has a low incidence. (Usually no more than 500 patients in one year period).
4. The service has a proven evidence base and will have a greater clinical benefit than alternative forms of care.
5. The service is person centred demonstrating a clear clinical pathway which will include criteria for referral, discharge and follow up care.
6. The service can demonstrate/has an explicit plan to provide the service equitably to all patients who are eligible for NHS treatment in Scotland.
7. Provision requires at least one of the following:
    - a highly skilled multidisciplinary team
    - scarce clinical skills
    - specialist equipment and facilities

    that can only be provided clinically and cost effectively in one or two locations.
8. There will be significant benefits from national commissioning: demonstrating improved clinical quality, focused clinical expertise, more efficient use of NHS resources.
9. There is evidence to support the cost of the service to determine that it will be cost effective.
10. There are statements of support for the service.

In applying these criteria to the evaluation of proposals for new services, and in its consideration of regular reviews of services which are already nationally commissioned, NSSC considers the following questions:

Does the proposal demonstrate that the service / intervention / network is needed and is likely to benefit the population identified?

- number of patients with reference to the complexity and severity of condition
- ability of this group of patients to benefit
- clinical safety and risk
- clinical effectiveness & potential for improving health

Would provision of the service add value to society?

- Stimulating research and innovation
- Needs of and benefits to patients and society

Is it a reasonable cost to the public?

- Average cost per patient
- Overall cost impact and affordability, including opportunity cost
- Value for money compared to alternatives

Is the model proposed the best way of delivering the service?

- Best clinical practice in delivering the service
- Economic efficiency of provision
- Continuity of provision
- Accessibility and balanced geographic distribution

6.3 Process for considering proposals for designation

- NSD triages any proposals for national designation – providing feedback to applicants/proposers where a proposal clearly does not meet the criteria for designation.
- Applications/proposals for designation are considered by the NSSC at one of its full meetings. Services that are considered not to meet the agreed national specialist service criteria will be scrutinised closely to determine the real degree of risk that a beneficial service will be lost to the NHS if not designated.
- If the NSSC believes that a service should, on the evidence, be designated and/or funded centrally, it may invite applications from potential providers if that would lead to the best pattern of provision nationally and to ensure value for money.
- NSSC will scrutinise the proposed cost of new services recommended for national funding and will make recommendations to the Board CEs' Group and SGHSCD on funding requirements. Decisions on the relative priority and opportunity costs of funding new and reviewed specialist services will be submitted to SGHSCD and Ministers after being processed through the Board Chief Executives' Group.

6.4 Consideration of proposals

NHS Boards recognise that some proposals will be for small scale services where there is a very clear case for designation; others may involve either considerable cost and / or very significant service change across a number of NHS Boards (for example to rationalise and reduce costs). The length of time required for consideration of proposals will depend on the scale and impact of the proposal. Some may require the establishment of an ad-hoc working group and may take 9 months to a year for consideration. Others might be able to be considered within 3 months between one NSSC meeting and the next.

NPPPRG/NSD will decide on the method to be used for engagement on a case by case basis and advise NSSC on the likely timescale for considered advice to be available.

Rather than a rigid annual timetable, the work of NSSC will broadly follow an annual cycle but there will be flexibility to consider proposals/applications/reviews/de-designations to be considered within different timeframes depending up the complexity, cost, and extent of service change involved. An indicative annual timetable is attached ay Annex 1 to guide new applications. Proposals may be submitted to NSSC at any stage of the year.

6.5 NSSC Principles of Decision Making

NSSC decisions should be taken only at quorate meetings - a meeting of half of all members plus one is quorate.

There are equal voting rights for all members and a simple majority carries the decision. There is cabinet responsibility once a decision is made at NSSC ie, it is binding on all members**.**

Appeals against NSSC decisions will be handled through the resubmission of application outlining the new significant additional evidence which supports the resubmission.

NSSC aims to ensure that its decisions are:

- transparent and accountable
- rational
- consistent, but allow some flexibility in balancing the relative importance of criteria
- based on the best quality evidence which is available
- based on realistic predictions of future need
- based on clear criteria, which should be used as a structure for the evaluation
- promote accessibility and equity and reflect societal values
- support improvements to economically efficient or clinically effective service provision.

The decision-making process should:

- demonstrate how the evidence has been considered in a robust and documentable process
- ensure that the criteria and the approach to using them are reviewed regularly to incorporate changes in external context.

7. Performance Indicators and Scrutiny Model

7.1 Scrutiny Model

Specialist Services

The scrutiny model used for commission specialist services involves either:

- "**Standard**" monitoring of services which have stable activity levels; consistently keep within funded value; deliver required efficiency savings; achieve waiting time targets and quality standards/positive clinical outcomes as outlined in the Service Agreement held between NSD and the NHS Board providing the service. One formal meeting takes place per year - the Annual Performance Review meeting to review the Annual Report published by the service, and if required an end year finance meeting to agree outturn and opening budget for year ahead;
- "**Exceptional**" scrutiny, for services with significant changes in activity levels; expenditure exceeding budget; breaching waiting time targets; not achieving quality standards; and/or deviating from UK/international norms in relation to clinical outcomes (or concerns are raised following critical incident(s)). This would involve a series of "in year" bilateral meetings (eg NSD medical director/nursing adviser (or nominee) meeting with clinical leads in service) until the service was demonstrably achieving quality performance indicators, activity, waiting time and financial targets, in addition to the Annual Performance Review and end year finance meetings.

Monitoring of individual services would move between "standard" and "exceptional" depending upon specific triggers for close scrutiny. The norm for all services would be "standard" monitoring with closer monitoring being required for short periods to resolve specific issues highlighted through routine key performance indicators. A key focus of monitoring would be to assess activity against predicted need to ensure that the right people were obtaining access to services.

National Networks
The scrutiny model in relation to national networks also involves an annual performance management cycle.

Networks are designated in the first instance for a period of up to three years. A workplan is derived in line with the network's strategic objectives. Mid Year and Annual Reports are published each year to demonstrate the network performance against its workplan, designation objectives, and to assess the effectiveness of the network.

In addition to annual performance review there are in depth commissioning reviews undertaken by NSD of all services and networks every 3-5 years to review current and future need, assess clinical and cost effectiveness, and whether there is a continuing need for designation.

If there are issues or concerns highlighted as part of the annual performance management cycle, a formal review of the service against criteria for national commissioning may be initiated. This will normally involve the setting up of an expert review group with an independent chair who may be a current member of NSSC.

7.2 Performance Measures and Indicators

NSSC monitors 4 key areas of performance across all national designated services and networks. To do this it aggregates information at an all Scotland level plus an ability to "drill down" by NHS Board of residence of patient; by provider; by year; and by specialist service; to identify and follow up exceptions. These 4 areas are set out in the table below along with an indication of which of the 6 dimensions of quality is covered in each area.

Activity vs plan/trends in activity (Split by NHS Board of residence of patient) Equitable	**Expenditure vs budget/Efficiency savings** (Including proportion of spend in England/Scotland) Efficient
Quality/Outcome Indicators Safe Person centred Effective	**Waiting times vs targets** Timely

Aggregate measures at "all Scotland/all service" level
NSD regularly reports to SGHSCD, NHS Boards and Regional Planning Groups on three of these 4 areas at the "all Scotland/all services" level: activity, expenditure /efficiency, and waiting times.

It is possible to aggregate performance measures and indicators in these areas across Scotland – although adding activity numbers by service across all designated services is meaningless: a stem cell transplant at over £150,000 cannot be added meaningfully to a paediatric intensive care case at £14,000; or to a genetic test at £200. In aggregating specialist activity NSD therefore "weights" the activity by its unit cost to provide a total "value" of care obtained for an NHS Board's resident population.

NHS Boards have particularly welcomed "combination" measures and indicators linking activity, geographical access and finance to show the value of national designated services and usage of risk share schemes relative to the contribution each NHS Board makes to national services: An Annual Performance Report is produced each year for NSSC detailing performance of specialist services.

Waiting times are monitored and reported for elective national specialist services against Scottish Government targets.

In relation to quality and clinical outcomes, NSD has detailed information from designated services, on performance against agreed quality standards and clinical outcome indicators/critical incidents by service, but has no means, at present, of aggregating the diverse clinical and quality indicators to an "all Scotland/all service" level. (There are some common quality standards in all services, such as prevention of hospital acquired infections, but in such specialist services clinical quality can only be monitored, and benchmarked, by using a range of distinct clinical outcome and quality indicators specific to the service in question).

NSD provides summary 6 monthly reports on the performance of designated services to NSSC, reporting on performance against quality indicators as well as highlighting significant variations in expenditure.

7.3 Annual Commissioning/Performance Management Cycle

The annual commissioning/performance management cycle is set out in the diagram found at annex 2.

Annual Performance Review meetings are arranged between the multi disciplinary team providing the service (clinicians, managers, finance) and the multi disciplinary team at NSD (clinicians, managers, finance). These are the formal annual meetings to assess quality and clinical outcome indicators – and explore and discuss reasons for any discrepancies with results from UK and international comparative audit.

The focus of these meetings is on quality and clinical performance; not financial. Where there are persistent issues affecting the service for all NHS Scotland which require escalation beyond NSD and the provider Board, Annual Performance Review meetings will be extended to include Director level staff from non providing NHS Boards and SGHSCD representation along with NSD.

7.4 Commissioning Reviews

There are regular reviews of services every 3-5 years to ensure each nationally designated service continues to meet the needs of the population, provides equitable access, is delivering the most clinically and cost effective service and in line with the original designation objectives.
The aims and objectives of a specialist service review are to establish:

- current and predicted need for the service
- sustainability of the current service
- efficiency and clinical effectiveness of the service
- whether the service is achieving outcomes equal to elsewhere in the UK and abroad, if feasible
- current and future costs of the service, acknowledging future developments.
- views of stakeholders, including patients
- aims for service improvements over the next five years taking into account clinical developments and changing demographics
- whether the service continues to fit NSSC criteria or whether commissioning arrangements should be changed because there is a more appropriate commissioning model.

The aims and objectives of a network review are:

- to assess the extent to which each national managed clinical network is achieving the core principles of Managed Clinical Networks
- to examine the extent to which the network is meeting the needs of its stakeholders
- to assess the extent to which each NMCN is achieving its designation objectives
- to identify the value the network adds to healthcare in NHS Scotland

- to report to NSSC the network's performance and make recommendations on its future status.

Review Reports are compiled and submitted to NSSC who advise NHS Board Chief Executives on the conclusions and recommendations of the future provision of the designated national specialist service.

8. Annual Funding Round

8.1 Scope of Annual Funding Round

NSSC is responsible for conducting an annual funding round to set the budget for designated specialist services and national "risk share" schemes.

"Risk share" schemes fit well with designated national services because they also fund national specialist services. For example, the forensic medium secure service for patients with learning disability is a national specialist service funded through a "risk share" scheme, it simply is not a designated national specialist service. The costs of accessing specialist services in England is covered by a risk share scheme and monitoring trends in use of specialist services in England provides horizon scanning which informs the consideration of specialist service provision in Scotland.

8.2 General accounting officer responsibilities

NSD, within NHS National Services Scotland (NSS), provides the commissioning function within NHS Scotland for designated national specialist services. NSD's role in this is governed by the general accounting officer responsibilities of the NSS Chief Executive, and the standing financial instructions within NSS, which govern and control the use of funding allocated for the commissioning of national specialist services, risk share, national networks, and screening programmes.

The Chief Executive of NSS has accounting officer responsibilities for the budget which is a distinct, ring fenced, budget within the NSS general allocation, managed separately to the rest of NSS funding. The duties involve:

- taking personal responsibility for ensuring regularity and propriety; proper record keeping; safeguarding assets; value for money; management of opportunity and risk; learning from experience and accounting accurately for the financial position and transactions;
- ensuring that there is a high standard of financial management, including a sound system of internal control; that financial systems and procedures promote the efficient and economical conduct of business and safeguard financial propriety and regularity;
- ensuring that in any financial year, the total revenue spending of NSD does not exceed the total revenue budget for designated national services set by the NHS Boards and SGHSCD in the Annual Funding Round for that year.

The "ring fencing" of this budget means that there will be no requirement for NSS to contribute to the budget in the light of service pressures in designated national specialist services, risk share schemes or screening services. Any additional funding required to meet SGHSCD policy changes, or additional activity approved by NHS Board CEs, is allocated by SGHSCD and/or territorial NHS Boards; and any surplus in the budget will be returned to NHS Boards in proportion to the contributions made by each Board to the budget. NSS will neither gain nor lose from holding and managing the budget. The budget is for both income and expenditure on national specialist services so there is no gap to fill.

8.3 Method of Calculating Financial Contributions/Financial Framework

Where patients require access to national services this is often from NHS Boards other than the one in which they are resident. The revenue funding for designated national services is top sliced by Government before allocations are made to NHS Boards.

Contributions from each Board are based on population shares. The mechanism involves a formula similar to that used for calculating funding allocations to Boards (roughly the National

Resource Allocation Contribution (NRAC) formula). Actual usage of services is not reflected in the financial contribution.

8.4 Capital

At present NSD receives a rolling capital allocation of around £800k for the replacement of equipment used solely in designated national services.

A small national capital allocation is allocated is because designated services which are provided for the whole population of Scotland are often assigned low priority for capital funding by host Territorial Boards with pressing needs in other services required by their resident population.

The equipment required to deliver nationally designated services can be expensive and without provision for replacement of such equipment the continuing provision of such specialist services can be at risk.

The needs for equipment replacement in designated national services always exceed the allocation available and the funds are prioritised to the most pressing areas.

8.5 Prioritisation of new designated services and developments

NSSC considers proposals for prioritisation which have benefitted from a thoughtful discussion in the NPPPRG. There are three categories of proposals/developments where it has been agreed they should be progressed straight away:

- proposals for new or amended national services that improve patient care and provide savings or involve no, or minimal, additional cost to NHS Scotland;
- proposals which are policy objectives and are Scottish Government priorities;
- proposals to address critical safety concerns.

All other proposals which had been evaluated and approved in principle through NSSC need to be prioritised. NSSC considers that particular weight should be given to cost benefit analysis and also to the strength of evidence available on the clinical benefit of the intervention. Higher ranking should be given to services with a full technology assessment of benefit and a clear evidence base, over those where there was no published evidence and only limited case studies, recognising that, for much of specialist care, evidence is rarely to the same level as that available for mainstream services.

NSSC's agreed approach for prioritisation is:

- Decisions will be taken on a consensus basis
- A clear set of criteria will be used to inform discussion
- Information on the particular proposal in question would be presented
- Proposals approved in principle would be included in the Business Plan and would be ranked during the prioritisation process

The criteria used in prioritisation are:

- Potential for positive health impact / improved safety / clinical outcomes
- Strength of evidence of clinical effectiveness
- Potential for improved wellbeing/less reliance on statutory Social Care Services
- Potential for improved efficiency/ cost effectiveness in delivery of health services
- Potential for improved / reducing inequalities of access
- Potential for improved sustainability/resilience of the service

The review of priorities will take into account how the different criteria work together, including:

- The balance of clinical benefits and clinical risks
- The balance of the timing of the application with the urgency of the clinical need, what clinical alternatives are available, and the need to strengthen the evidence for clinical benefits

- The balance of cost per patient or treatment, clinical benefits per patient, and the robustness of the evidence for clinical benefits (clinical and cost-effectiveness of the treatment)
- The balance of overall cost impact and overall benefits from national commissioning (overall value for money of a national commissioning approach)
- The robustness and realism of the financial, activity and governance planning.

8.6 Decisions on level of funding

As part of NSD's annual business planning cycle, it produces a business plan demonstrating how the delivery of national specialist services, national networks, and risk share funded services will be achieved in the forward year to meet assessed population needs and Scottish Government Quality Ambitions. The plan is costed and sets out planned cash releasing efficiency savings at the level set by SGHSCD and NHS BCEs.

The annual business plan identifies revenue funding options based on different service levels, and capital, forecasts for the year ahead, within a longer term 3 year planning horizon.

It is presented to the NSSC at a meeting between August and October each year, and is based on information on activity, quality, expenditure and anticipated trends/changes/efficiencies in the previous year and the first few months of the current financial year, to inform consideration of the annual budget for the financial year ahead.

The annual business plan is shared with Directors of Planning and Finance Groups for scrutiny, analysis and comment; and then to the NHS Board Chief Executives' Group for endorsement. Finally the proposals are submitted to SGHSCD for approval.

Once the annual budget is approved, NSS is responsible for managing these funds, for probity, and for ensuring that they are spent on the healthcare for which they were allocated.

There is no option of Boards choosing to leave a gap in funding. NSD presents a range of funding level options in the annual business case to NSSC with proposals to reduce service to fit the funding options. If Boards or SGHSCD do not accept the proposals for service reduction, then they are by default agreeing to pay the amount required to continue service levels, and NSD will expect that SGHSCD will top slice to the level required.

There is discretion for NSD to use the funds flexibly to obtain cost effective, high quality specialist and screening services to meet the needs of the population of Scotland within NHS Scotland policy and any specific constraints or requirements set by the NHS Board Chief Executives' Group and SGHSCD – under the oversight of the NSSC.

8.7 Financial management reporting

NSD is accountable to NSS for the management of the funding, probity, for financial, information and clinical governance and management of risk.

NSD is accountable through NSSC to NHS Boards and SGHSCD for the decisions on how funds are allocated within the budget to obtain specialist health services; and for ensuring value for money in the use of the funds. NSD is required to report in-year financial performance and year-end forecast to NSSC.

In year reporting includes information on waiting times and clinical quality; and NSD is accountable, through NSSC, to NHS Boards and SGHSCD for the impact on waiting times and clinical quality directly related to decisions on the allocation of funds to individual specialist services. NSD seeks direction from NSSC in relation to key decisions on the allocation of funds where there is an impact on the range of patient care, the quality of care and or waiting times of decisions to keep within the overall budget. In addition any such choices anticipated in service planning will be explicit in the annual business case.

Annex 1 - NSSC Indicative Annual Timetable

(NPPPRG meetings 1 month in advance of each NSSC meeting)

September to November	**NSSC meeting** – Performance Review of NSD commissioning activity in first 6 months of financial year, performance measures, quality, expenditure – decide action on key issues. Consider Annual Business Plan and set priorities for NSD's commissioning of specialist services in forward financial year.
Throughout year	Review of applications supported by NHS Boards to NSD and proposals from any stakeholder group. Notification to NPPPRG/ NSSC.
February/March	**NSSC meeting** – to consider worked up applications/proposals and service reviews. NSD reports to NSSC rejection of applications clearly not meeting criteria. Identification of services to be reviewed in forward year to assess continuing fit against criteria and whether de-designation is appropriate
Throughout year	NSD obtain professional/expert/public views on applications/proposals that appear to meet criteria
May/June	**NSSC meeting** to consider worked up applications/proposals. Decisions on applications/proposals that meet criteria for designation in forward financial year. Performance Review of last financial year KPIs, quality, expenditure – decide action on key issues
June to August	**NSSC meeting** to consider Business Case for Annual Funding Round for forward year. Prioritise proposed changes and developments. Decide on recommendations to BCEs
August to September	NSD submits Annual Business Case including any applications meeting criteria, recommendations for service change, and services recommended for de-designation, to a meeting of NHS Board Chief Executives' Group
August to December	Decisions by NHS Board CEs on annual allocation of funding for forward financial year/affordability of new applications/recommendations for de-designation
September/December	Recommendations from NHS Board Chief Executives' Group to SGHSCD on services to be designated and funding allocation for specialist services. Ministerial approval sought by SGHSCD where required on new designations and on recommended de-designations

Annex 2 – Commissioning & Performance Management Cycle