

<p style="text-align: center;">HIGHLAND NHS BOARD</p>	<p>Assynt House Beechwood Park Inverness IV2 3BW Tel: 01463 717123 Fax: 01463 235189 www.nhshighland.scot.nhs.uk</p> 
<p style="text-align: center;">MINUTE of MEETING of the FINANCE, RESOURCES AND PERFORMANCE COMMITTEE TEAMS</p>	<p style="text-align: center;">28 April 2022 at 2.00pm</p>

Present

Alexander Anderson, Chair
Graham Bell, Non-Executive Director
Ann Clark, Non-Executive Director, Chair of HHSC Committee
David Garden, Director of Finance
Graham Hardie, Non-Executive Director
Simon Steer, Interim Director of Adult Social Care (for P Dudek)

In Attendance

Lorraine Cowie, Head of Strategy
Tara French, Head of Strategy (HHSCC)
Ruth Fry, Head of Communications and Engagement
Jane Gill, PMO Director
Heidi May, Board Nurse Director
Brian Mitchell, Board Committee Administrator
David Park, Deputy Chief Executive
Boyd Peters, Board Medical Director
Katherine Sutton, Deputy Director of Operations (Management)
Elaine Ward, Deputy Director of Finance
Alan Wilson, Director of Estates, Facilities and Capital Planning

1 WELCOME AND APOLOGIES

Apologies were received from Louise Bussell, Fiona Davies, Pam Dudek and Prof Boyd Robertson.

2 DECLARATIONS OF CONFLICT OF INTEREST

There were no formal Declarations of Interest.

3 MINUTE OF THE MEETING HELD ON 24 FEBRUARY 2022

The Minute of the Meeting held on 21 October 2021 was **Approved**.

4 ASSET MANAGEMENT GROUP MINUTES – 16 February and 23 March 2022

There had been circulated Minutes of the meetings of the Asset Management Group held on 16 February and 23 March 2022. A Wilson advised recent discussion had primarily related to end of year spend and relevant equipment requirements. Discussion would now move on to considering the 2022/2023 financial year requirements.

The following areas were then discussed:

- IFRS16 Impact. Advised a requirement for a revised approach to be introduced for all leases post 1 April 2022, with a Standing Item now placed on future AMG agendas. A specific group was to be established to consider aspects relating to GP Improvement Grants, property leases etc, which would require specific advice.
- Digital Strategy (eHealth Delivery Plan). Stated current digital programme limited by existing funds. Any acceleration of associated revenue spend would impact on other spend areas. Discussion would be required on wider spend prioritisation aspects. Input of clinical teams would be important. Need to refine long term Strategy, develop effective Business Cases, and ensure early progress. Need to consider eHealth in association with wider activity and capture any planned move from capital to revenue expenditure.

The Committee otherwise Noted the circulated Minute documents.

5 MAJOR PROJECT SUMMARY REPORT

A Wilson took members through the circulated report, providing the Committee with an update on all major Capital construction projects, in relation to both financial and programme management performance and proposing the Committee take **Moderate Assurance**. The report provided a progress summary, an outline of key risks, an indication of upcoming activities and a cost update. It was noted discussion relating to the revised Initial Agreement for Lochaber had been positive, activity relating to Caithness Service redesign was progressing well and both Aviemore and Skye new build facilities were now complete.

Discussion points were related to the following:

- Learning from New Build Activity. Confirmed learning opportunities always sought and reflected upon, especially during the design phase. Noted the Skye build process had been more challenging than that for Aviemore.
- Service Redesign Programme. Positive learning taken from processes adopted for Lochaber and Caithness redesign. Construction phase much more straightforward.
- Raigmore Maternity Redesign. Advised contractor only able to make claims based on delays due to Covid and not on building material delays. Would be close monitoring brief, based on clear criteria being in place. Fixed price, gain share approach adopted.

The Committee otherwise:

- **Noted** the progress of the Major Capital Project Plan.
- **Agreed** to take **Moderate** assurance.

6 PERFORMANCE RECOVERY BOARD

L Cowie gave a brief presentation and overview in relation to the work of the Performance Recovery Board. She outlined the structure process approach taken when considering relevant matters, including receiving monthly sector performance reviews. She advised the meeting on 10 March had considered matters relating to Primary Care and Vaccinations, noting existing recruitment and retention issues as well as demand and access concerns. The meeting on 24 March had considered matters relating to Psychological Therapies, noting the recruitment of a Director of Psychology and the introduction of dedicated project support whilst recognising key risk areas. The meeting had also noted strong performance against the 31 Day Cancer Standard, with key risk areas including associated diagnostics capacity. Further updates were provided on consideration of matters relating to CAMHS; Unscheduled

Care; Scheduled Care (Outpatients at 86% of pre-Covid activity); Scheduled Care (TTG) and Theatre maximisation; Women and Children's activity; and Clinical Support Services.

Discussion areas were as follows:

- Learning Disability Services. Advised subject to sector performance review, with a number of and improvement actions agreed.
- Performance Improvement and Monitoring (General Themes). Annual Operating Plan to set clear framework. Emphasised key themes relating to ensuring focus on recovery (leadership) during period of extreme pressures, the requirement for long term planning and improved data collection and analysis. Overall position considered to be improving.
- Improvement Opportunities. Emphasised service improvements may require a changes to the way things have always been done previously. Staffing resource availability can be a limiting factor. Service leaders and Operational Unit Management Boards provide the primary route for service change and improvement. Performance Recovery Board provides oversight and support.
- Finance. Need to avoid financial resource being listed as the primary limiting factor when considering service change aspects, whilst recognising financial resource is finite. Whilst there was a lower overall focus on budget deficit, need to recognise ability to spend more not an option. Emphasised that service change does not always rely on spending more. Need for wider balanced discussions when considering service change. Wider staff communication and messaging requires to be appropriately managed in that regard. Service sustainability, redesign and cross-cutting elements will be key themes.
- National Treatment Centre. Advised relevant patient prioritisation issues being discussed at national level. Associated mathematical modelling challenging due to changing patient conditions. Ability to address backlogs will depend on number of factors including Rural General Hospital capacity and non-Theatre treatment demand. Work ongoing at service level to model that existing demand. Further updates will come back to Committee.

After discussion, the Committee Noted the position in relation to the ongoing work of the Performance Recovery Board.

7 FINANCE

7.1 Cost Improvement Programme Update - Month 12 Update and 2021/2022 End of Year Position/2022-2023 Targets and Position

J Gill spoke to the circulated report and advised, at Month 12, the outturn for the programme was £15.9m, against the overall target of £25.1m and represented a £9.1m gap (covered by Scottish government funding of Unachieved Savings). The Delivery Summary and profile of savings against target was indicated, with the year-to-date delivery indicated as remaining behind Plan. The Cost Improvement Analysis, against the 2021/2022 target, was also provided.

She then went on to highlight the Cost Improvement Programme for 2022/2023, outlining relevant Targets and the revised approach being taken forward. Assigned savings were indicative at that stage and would be subject to further discussion and agreement with relevant Programme Boards. It was noted that savings relating to Estates and Facilities would be subject to fluctuating energy costs. The overall savings target would be £26m, with the 2022/2023 Pipeline including 161 Schemes to date, and the anticipated delivery being slower than previous years.

The following aspects were raised in discussion:

- Revised Approach. Alignment to Programme Boards welcomed. Noted activity levels predicted to quickly accelerate over coming months.

- Vacancy Factor. Advised this based on feedback and historic position. This was not a target for areas to seek to achieve. Advised equated to 1% of overall pay budget. System pressures had made setting this figure a balanced consideration. Likely to involve scrutiny of posts being advertised, changing staff roles and a degree of efficiency considerations. Ensuring service sustainability was crucial, with providing scope for service redesign/transformation activity a real challenge for existing staff.
- Establishments/Vacancies/Locum Use. Questioned whether there was merit in conducting deep dive. In response, stated the biggest organisational cost and risk was related to workforce sustainability issues. Cuts across the work of many current groups and activity areas and need to define areas of responsibility and oversight arrangements. Reported Supplementary Staffing Dashboard under development, with assistance from Project Management Office including relevant theme identification. Updates would be provided to future meetings. Suggested topic as subject for a Development Session.

After discussion, the Committee:

- **Noted** the reported position.
- **Agreed** further consideration be given to governance, assurance and reporting routes for Staffing matters and a further update be brought back to this Committee in due course.

7.2 NHS Highland Financial Position – 2021/2022 Final Position and Update on 2022/2023 Budgets

E Ward presented an outline of the NHS Highland end of year financial position for 2021/2022, advising an underspend of £0.454m was being reported as at 31 March 2022 subject to final year end accounting adjustments and external audit scrutiny. The position had been aided by a substantial Covid funding package received in Q3. Operational Units were reporting overspends, with FME services, prescribing costs and high-cost care packages presenting increased financial pressures. Acute locum and agency spend continued to be a concern.

With regard to the Financial Plan for 2022/2023, E Ward gave a presentation to members advising a one-year Plan had been submitted to Scottish Government, with this likely to be revisited at end of Q1 when further clarity on funding and year end impact was received. The initial Financial Plan indicated an overall funding gap of £42.272m, a Cost Improvement Target of £26m, and a net funding gap of £16.272m. The basis upon which the Plan had been prepared was outlined, assuming a 3% baseline uplift and an additional £3.1m to bring NHS Highland to within 0.8% of NRAC parity. Additional funding would be expected in the event of a higher than anticipated Agenda for Change pay offer. Budget revisions would be made in line with additional allocations received. The estimated financial gap was broken down and it was noted financial brokerage may be required. Relevant cost pressures were detailed, including in relation to Covid19 costs and the associated funding received. A Covid cost saving workstream had been established, with focus on a number of areas. The Capital funding position and planned expenditure in 2022/2023 was also outlined, along with an indication of the NHS Scotland position overall and the level of challenge to be faced in future years. It was proposed that the Committee take **Moderate Assurance**.

Relevant discussion points related to the following:

- Covid Costs and Funding. Advised onus on NHS Boards to reduce relevant Covid costs.
- Resource held by Scottish Government/Highland Council. Advised the figure of £23.2m related to Covid expenditure only and did not apply to Adult Social Care activity.
- Spend relating to Additional Allocations. Requested more detail for Committees. Advised expected expenditure would be less than the allocations received. Greater detail could be provided to members, the detail of which also required to be fed into relevant individual Programme Boards. The ability to carry financial reserves, not available to the

North Highland Health and Social Care Partnership, continued to be highlighted to national level.

After discussion, the Committee:

- **Noted** the reported position.
- **Agreed** to take **Moderate** assurance.

8 ANNUAL DELIVERY PLAN PROCESS UPDATE

L Cowie gave a short presentation to members in relation to development of the NHS Highland Annual Delivery Plan (ADP), outlining the relevant Key Areas; associated NHS Board Strategy; nine Programme Boards and overall Integrated Service Planning approach. An overview was provided of the ADP Planning Templates introduced for 2022/2023. Strategic Ambitions, and associated actions, were also detailed along with a further indication of the actions requiring to be taken forward and the respective timelines involved. A number of Workshop and Development Sessions had been and would continue to be delivered across Community, Mental Health, Acute, and Argyll & Bute Service areas. A series of defined actions and enabler areas were also highlighted.

The following points were discussed:

- ADP Timeframe. Confirmed as a three-year Plan, commencing 2022/2023.
- Improving Clinical Engagement. Advised would improve as process moved forward. Clinicians were aware of the wider context and understood the need for change and for improvement activity to be taken forward. Such engagement would be a key to success.
- Support Arrangements. Stated that service areas would be required to take ownership of actions and ensure sufficient support in place. The next phase would involve Service areas developing the stated demands and aspirations into relevant Strategy.

The Committee otherwise Noted the reported position.

9 COMPLAINTS IMPROVEMENT FRAMEWORK

There was agreement consideration of this matter be deferred to the next meeting.

10 AOCB

A Wilson took the opportunity to remind members that reporting from the Environmental Sustainability Board would require to be included on future meeting agendas.

The Committee so Noted.

11 FOR INFORMATION

There was no discussion in relation to this Item.

12 2022 MEETING SCHEDULE

The Committee **Noted** the remaining meeting schedule for 2022 as follows:

7 July
25 August
20 October
December 2022 – to be agreed

15 DATE OF NEXT MEETING

The date of the next meeting of the Committee on 7 July 2022 was **Noted**.

It was **Agreed** there be a Committee Development Session on Thursday 26 May 2022 at 2.00pm.

The meeting closed at 4.05pm