

HIGHLAND NHS BOARD	Assynt House Beechwood Park Inverness IV2 3BW Tel: 01463 717123 Fax: 01463 235189 www.nhshighland.scot.nhs.uk	 NHS Highland na Gàidhealtachd
DRAFT MINUTE of the FINANCE, RESOURCES AND PERFORMANCE COMMITTEE TEAMS	03 May 2024 at 9.30 am	

Present

Alexander Anderson, Chair
 Sarah Compton-Bishop, Board Chair
 Tim Allison, Director of Public Health
 Graham Bell, Vice Chair
 Louise Bussell, Board Nurse Director
 Ann Clark, Non-Executive
 Heledd Cooper, Director of Finance
 Garret Corner, Non-Executive
 Fiona Davies, Chief Executive
 Richard MacDonald, Director of Estates, Facilities and Capital Planning
 Gerard O'Brien, Non-Executive
 David Park, Deputy Chief Executive

In Attendance

Lorraine Cowie, Head of Strategy and Transformation
 Katherine Sutton, Chief Officer Acute
 Bryan Mckellar, Whole System Transformation Manager
 Ruth Daly, Board Secretary
 Brian Mitchell, Committee Administrator
 Elaine Ward, Deputy Director of Finance

1 STANDING ITEMS**1.1 Welcome and Apologies**

There were no formal apologies given for the meeting.

1.2 Declarations of Interest

There were no formal Declarations of Interest.

1.3 Minute of Meeting held on Friday, 12 April 2024 and Rolling Action Plan

The Minute of the Meeting held on 12 April 2024 were **approved**.

The Committee noted the closure of the following actions:

- Action 5: Feedback on Financial Plan 2024-27 - The Director of Finance noted confirmation of the receipt of an allocation for Planned care activity on an NRAC share to support delivery of 2023-24 activity levels. A bid has been submitted against a further national allocation of £30m.
- Action 1: Review of Revised Committee Work Plan
- Action 2: Risk Register Update agreed update to be presented to March 2024 meeting.

- Action 3: Committee Annual Work Plan 2024/2025, agreed to arrange separate meeting to discuss draft Work Plan document.
- Action 4: Committee Self-Assessment Survey Results noted item would be discussed in more detail at the next meeting.

The Committee **agreed** the closure of the noted actions.

2 FINANCE

2.1 NHS Highland Financial Position 2023/2024 Report (Month 12) and Cost Improvement Update

The Deputy Director of Finance presented the NHS Highland financial position as at end Month 12, advising the Year-End (YTD) Revenue over spend amounted to £29.235m. The year end forecast was £39.527m better than presented within the financial plan submitted to Scottish Government in March 2023. It was noted that additional allocations, a reduction in top-sliced costs, use of financial flexibility and an element of slippage on allocations together with short term cost reductions mainly due to recruitment difficulties had brought the gap down by financial year-end.

The presentation further outlined the underlying data relating to Summary Funding and Expenditure; noting the relevant allocations received to date, awaited, and not yet confirmed. Specific detailed updates were also provided for the Highland Health and Social Care Partnership area; Acute Services; Support Services; Argyll & Bute; and Cost Improvement Plan Programme.

The following matters were discussed:

- Funding had been distributed on both an NRAC and needs assessment basis, with the Adult Social Care pay award uplift being specific to NHS Highland.
- Committee Members sought clarity on reasoning behind the Adult Social Care budget movement of £4m. The Director of Finance advised there had been additional allocations received from Scottish Government that had not been anticipated at the start of financial planning. Benefits from the previous year had arisen from slippage, underspending, and late notifications of government allocations.
- Collaborative work was ongoing between Highland Council and NHS Highland to align plans. Further discussions would be held to review asset utilisation and capital maximisation.
- Financial implications on services. The Director of Finance explained that for the 2023-24 financial year, there had been no conscious decision to withhold allocations from services.
- It was highlighted that a Raigmore hospital theatre had to be curtailed earlier than planned due to reduced government funding and challenges within the NTC, that required the deployment of agency staff that resulted in depleted funding.
- Concerns were raised regarding the sustainability of service delivery and the overall allocation approach, as some previously stable performance areas are now encountering challenges.
- Committee Members reflected on how to provide consistent positive messages through integrated service planning. Emphasis was placed on efficiency of quality and safety improvement, to maximise time available, particularly in patient-initiated return focusing on capabilities rather than limitations.
- The Maternity Business Case was approved by the Board on the basis that funding would be provided from Scottish Government. With the funding not being confirmed, services noted in the business case would not be able to be progressed.
- Committee Members highlighted the concern raised in the Clinical Governance Committee regarding the under use of 'Best Start' funding. The Chief Officer for Acute advised NHS Highland were performing well against the 'Best Start' metrics in Scotland.

After discussion, the Committee:

- **Examined** and **considered** the implications of the Financial Position.
- **Agreed** to take **limited** assurance.

3 Budget Setting 2024-25 Update

The Director of Finance advised that the situation was constantly evolving, with most recent discussions being informal. The only formal communication was a letter that provided some flexibility to present the preferred position, despite the potential for a deficit if the brokerage cap was not met. Communications had remained ambiguous. The message received was that if a commitment could be made to a three per-cent efficiency and to the financial flexibilities outlined, this would be viewed positively. This assumed a level of slippage in allocations due to known recruitment difficulties. A comment made regarding not anticipating slippage in social care at the start of the year and it was acknowledged that slippage should be assumed from the outset.

Argyll and Bute had confirmed a planned break-even position for the 2024-25 financial year and a commitment to Adult Social Care balanced position had been incorporated into plans. There had been collaborative working with the Highland Council and a high-level savings plan created for adult social care. Overarching principles had been established and had been focused on the specifics of their implementation.

There was also a commitment to service redesign, with a focus on creating a three to five-year plan for sustainability and a need to identifying one to three areas for rapid redesign in order to secure Scottish Government support. A further commitment to non-financial targets related to efficiencies, such as theatre utilisation, length of stay, and delayed discharge. These targets were already part of the value and efficiency programmes, and they were incorporated into the integrated service planning. It was noted that a section 22 report would likely to be issued to Scottish Health Boards that were unable to deliver their financial duty and a potential to be invited to the Parliamentary Audit Committee.

In discussion,

- There was an upcoming Board Development session to review the financial and annual delivery plans.
- Committee Members questioned whether Scottish Government would support deficit with funding for the 2023/24 position. The Director of Finance advised there was no indication that funding would not be available.
- Committee Members raised concern regarding the capacity to deliver on submitted plans and questioned whether it was necessary to rethink the amounts allocated against the choice element of the plan.
- The Director of Finance advised Scottish Government requested a continued focus on the choices, with an emphasis on those that could be expedited, although no financial benefits from these choices were expected in 2024-25 under the proposed plan.
- Committee Members questioned the adult social care position and the amount of information that would be available for the upcoming Highland Health and Social Care Committee meeting as this occurred prior to the development session for the board. It was noted that further conversation would occur out with the meeting.
- There had been no feedback on the choices or efficiency indications received on the ADP and MTP that had been submitted to Scottish Government on 11 March.
- Concern was expressed regarding taking premature action within the proposal to manage the financial position in the short-term that could affect long-term sustainability for health and social care services in the Highlands.

- Committee Members acknowledged the Governments effort to ensure efficiencies in the workforce, reducing supplementary staffing, and prescribing costs through National programmes of work.
- In response to members questioning if a cap could be introduced to locum and agency prices, the Director of Finance noted there was a national workstream to focus on locum frameworks and pricing. A national staff bank was being reviewed as an option.
- The Vice Board Chair questioned whether the Board Development session could include discussion about how the organisation moves forward with the medium-term plan and how business cases would be prioritised within the organisation.

After discussion, the Committee:

- **Noted** the circulated letter dated 30 April 2024 from the Director of Health and Social Care Finance, Digital and Governance and position.

4 Capital Asset Management Updates

4.1 Asset Management Group Update

The Director of Estates, Facilities, and Capital Planning (The Director of Estates) advised; the Asset Management Group had met on 25 April; the terms of reference had recently been updated and the Capital Prioritisation Group (CPG) formed; CPG had begun to meet; Management group had approved the 2024/2025 Spending Plan; half of the funding had been released as part of the terms of reference, the other half would be released once assurance had been received on the spend; further representation from Argyll and Bute in the groups was requested.

In discussion, the following points were highlighted:

- VAT was included in the 2024/25 Spending plan.
- Core capital spend for 2024/25 had remained the same as previous years, however, additional funding streams that had been available in previous financial years were no longer available.
- The Deputy Director of Finance advised that a request had been made through the finance plan submission for additional backlog maintenance to support the hospitals in Lochaber and Caithness. There had been no confirmation if the additional funding would be provided at this time.
- Funding for staff that had been recruited for capital projects had been included within the financial plan and had been highlighted to Scottish Government as an additional revenue pressure. Director of Estates advised that staff recruited for those projects are being utilised in other areas.

After discussion, the Committee:

- **Noted** the report content and update on the allocation and delivery of the Capital Formula Spend delivered through NHS Highland's Asset Management Group.
- **Agreed** to take **moderate** assurance.

4.2 2023/2024 Capital Position

The Director of Estates noted the pause of major capital projects resulted in a £1.319 million overspend in Capital which required additional funding from the Scottish Government. The Director of Estates, Associate Director of Capital and Planning and Interim Capital Accountant

notified the Government as soon as the overspend was confirmed. The Government acknowledged the reasons behind the additional expenditure.

After discussion, the Committee:

- **Noted** the report update.
- **Agreed** to take **moderate** assurance.

4.3 Caithness Capital Pause Position

The Director of Estates confirmed that the RIBA Stage Two Report had been completed in relation to Caithness General Hospital (CGH) and he highlighted the cost of completion for remainder of the project.

As part of the whole system plan, Scottish Government have confirmed that the existing initial agreements for both Caithness and Lochaber will be valid if funding became available during the two-year pause. If the pause was to go beyond these two years, a new initial agreement would be submitted as part of the whole system plan. This situation was evolving, and formal written confirmation was yet to be received.

In discussion,

- Committee Members noted that the existing Initial Agreement would be refreshed, rather than completely creating a new one.
- The Nurse Director made comment about re-design supporting the whole system plan submission.
- Committee Members noted High level estimated costing had been used for RIBA Stage Two and acknowledged that challenging conversations may be required as we continue to experience the current financial pressures.
- The Board Chair noted it would be helpful to understand what aspects could be progressed and what that would look like for services, especially around how pauses in projects would impact on service delivery and the mitigations considered in response.
- The Board Chair had acknowledged discussions had been ongoing on the submission of the whole system plan by January 2026.
- The Director of Estates advised Programme Boards would be established to continue discussions on operational requirements, review service designs around existing buildings, and assess the need for additional funding. The plan, incorporating digital and environmental ambitions, was to include building maintenance and asset management planning including any shared service ambitions with partners from other Boards.
- The Chief Executive commented that anticipated future service provision would dictate the kind of estate necessary for the organisation. It was important to ensure that our place-based approach continued to align with our strategic intentions.
- Committee Members discussed that community expectations through the previous capital management process had been raised. It was acknowledged that the plan needed to articulate the future vision of services for the next 10 to 20 years for NHS Highland and incorporate existing plans where possible.
- The Vice Board Chair questioned the Board's connection to the rural group involved in the National Reform programme, and impact of the national policy on rural general hospitals. The importance of understanding the government's plans for the workforce, particularly in relation to training and availability over the next five years, was highlighted. The Chief Executive noted that the rural group would be included in national discussions with any significant changes to the Rural General Hospital model being linked with clinical advisory groups. However, as it stood, significant changes to the Rural General Hospital model were not part of the current scope of discussion for the national group.

- The Chief Executive assured the committee that they had nationally highlighted the increased risk of sustainability of small hospitals if there was to be a pathway-by-pathway approach to reviewing where the services are safely located.
- The Director of Estates flagged the importance of having a completed strategy to enable overlay with partners, in particular, the Highland and Argyll and Bute Councils to facilitate a place-based approach to capital projects.
- The Director of Estates highlighted the primary contracts previously appointed for the Lochaber and Caithness projects had been paused and not cancelled.

After discussion, the Committee:

- **Noted** the completion of the initial capital work.
- **Agreed** to take **moderate** assurance.

4.4 Lochaber Capital Pause Position

The Director of Estates noted the cost to completion for the project; RIBA Stage three / OBC would cost £3.9 million and 70 weeks to complete; FBC / Construction and Commissioning would cost £79 million and 140 weeks to complete.

After discussion, the Committee:

- **Noted** the completion of the initial capital work.
- **Agreed** to take **moderate** assurance.

5 Integrated Performance Report

The Head of Strategy and Transformation highlighted where applicable the upper and lower control limits had been added to the graphs as well as an average mean of performance. Additional detail was added in each performance section on when the target was last met and how many times. If target was not met an indication has been given of the highest performance over the previous 24 months. Within Treatment Time Guarantee and Outpatients there were 3 targets at present and these had been highlighted individually.

ADP trajectories would be added for the next IPQR. Within the narrative section areas, where action was highlighted in the previous IPQR all Exec Leads had been asked for assurance of progress and next steps for improvement by July 2024. Performance ratings summaries had been provided for COVID Vaccination Performance; Smoking Cessation; Drug and Alcohol Waiting Times; CAMHS; NDAS; Emergency Access; Delayed Discharge; Treatment Time Guarantee; Outpatients; Diagnostics – Radiology and Endoscopy; 31 Day Cancer Target; 62 Day Cancer Target; and Psychological Therapies.

In discussion,

- The Vice Board Chair questioned the reason behind the four months of decreased performance for Emergency Access. The Chief Officer of Acute noted there was multifactorial reasons and advised they would provide analysis out with the meeting to provide further reasoning behind the decreased performance.
- The Chief Officer of Acute highlighted there had been declining performance in Caithness over the last period and reassured the committee that there was an ongoing review to resolve any issues.
- Committee Members proposed adding patient treatment data to the IPQR tables to better understand trends when patient numbers increase without meeting targets.

- Committee Members suggested that a development session could help them better understand the performance metrics and their implications for the system. This session would also allow them to examine in detail how the committee's work aligns with these metrics and its connection to the Clinical Governance Committee.
- The Chief Executive acknowledged the need to understand committee roles and the executive team's obligation to ensure targets were met or actions were planned to meet expectations were acknowledged. Further discussions outside the committee were welcomed to comprehend the advantages of these topics in facilitating a development session discussion.

The Committee:

- **Noted** the continued and sustained pressures facing NHS and Care Services, Consider the level of performance across the system.
- **Agreed** to take **limited** assurance.

6. NHSH Board Risk Register – Risks Reporting to FRP Committee

The Head of Strategy and Transformation advised mitigated actions had been refreshed and some had been completed. It was noted that additional risks had been included in the NHS Highland Board Risk Register which was reviewed regularly by the NHS Highland Executive Directors' Group (EDG). A paper would be taken to EDG regarding the Annual Delivery Plan and Medium-term Plan. By the next committee meeting there would have been a refresh of strategy and transformation risks. It was noted that the Deputy Chief Executive and Head of e-Health had been discussing digital risks that would need added to the risk register.

The Committee Chair highlighted that the mitigating action due dates for risk item 666 regarding continual threats from cyber-attacks had passed or were due. The Deputy Chief Executive advised the mitigating action due dates relating to NIS Scoring was the date an update had been provided and the compliance audit would occur in May 2024. It was noted that Cyber risk would remain ongoing, however, a review may be required on how the information would be provided to the committee.

Committee Members highlighted the Fire Compartmentation risk may need to be reviewed as it had been on the register for a substantial amount of time. The Director of Estates advised the first phase was due to commence and the risk would be re-written to reflect current circumstance and it was noted resource had been allocated to continue the work. The Vice Board Chair noted the Boards financial situation and position of capital projects and questioned if risk associated to fire compartmentation would rise to a level that should be on the Boards radar. The Director of Estates advised maintenance risks below Board level would be escalated individually at the next Health and Safety meeting and bring an update to the committee on risks escalated to Board level following that meeting.

The Director of Estates clarified the New Craigs PFI transfer risk had been in a contractual negotiation period with the PFI providers to produce the renewal programme. It was proving to be a complex process being the first healthcare PFI in Scotland. The negotiation period could continue for a further four months before moving to the next stage.

The Committee Chair sought understanding of how the completion of a mitigating action impacted the scoring provided. The Head of Strategy and Transformation emphasised that a review would be conducted to enhance the presentation.

The Committee:

- **Examined and considered** the evidence provided, provide final decisions on the risks that are recommended to be closed and/or added.
- **Agreed** to take **substantial** assurance.

7. Planned Care Submission

The Chief Officer of Acute advised funding had been allocated on an NRAC basis by Scottish Government with the expectation that service delivery would continue as it had over the last financial year. Reviews had begun to measure activity levels against ISPs and available finance. There had been weekly discussions between the Chief Officer of Acute and Scottish Government regarding baselines for planned care delivery will be this financial year.

Scottish Government had released additional funding that would be immediately available but required health boards to make a bid for the funding to be released. NHS Highland were amongst the health boards that had submitted bids for the funding. Bids had been submitted against long outpatient waiting lists and to support the National Treatment Centre capacity to deliver ophthalmology services to reduce cataract waiting lists.

Funding had been approved for Raigmore Hospital to open a theatre for hip and knee surgery that are not able to attend the National Treatment Centre, to allow us to address the long waiting patients. It was anticipated the opening of the theatre would enable the reduction in surgical waiting lists. A further bid also reviews the volume of patients the orthopaedic service could deliver to with the view of enabling more patients to access the service through the National Treatment Centre.

The bids had been submitted to Scottish Government after review from Executive Directors and had heard informally that the bids would be successful. It was important to note that some bids had not been as successful but would be reviewed later in the year when other bids across Scotland had been reviewed.

After discussion, the Committee Noted the verbal update.

8. Blueprint Improvement Plan Update

The Board Secretary highlighted the Committee had last received an update in November 2023. Actions in relation to the committee had progressed well, with most now complete. Significant progress had been made in relation to the business case proforma being updated for review. It was noted that there had been a delay with the third objective relating to the 'advisory Boards to inform and be part of the decision-making process for business change'. This was due to the Area Clinical Forum May meeting being cancelled when they would have considered the Annual Delivery Plan and the Financial Plan. Governance Committees would all be in receipt of an update on the Blueprint Improvement Plan this Committee cycle to ensure oversight in the progress and delivery. The next Board level progress update is scheduled for July 2024.

After discussion, the Committee:

- **Noted** the progress achieved with the Blueprint for Good Governance Improvement Plan actions.
- **Agreed** to take **substantial** assurance.

9. Remaining Meeting Schedule for 2024

14 June
5 July
9 August
6 September
11 October
1 November
13 December

The Committee:

- **Noted** the remaining meeting schedule for 2024.

10. DATE OF NEXT MEETING

Friday 14 June 2024 at 9.30 am.

11. Any other Competent Business

There was no other Competent Business discussed.

The meeting closed at 11.45 am