

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
MINUTE of the FINANCE, RESOURCES AND PEFORMANCE COMMITTEE TEAMS	12 April 2024 at 9.30 am	

Present

Alexander Anderson, 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
 Dr Boyd Peters, Medical Director (from 9.45am)

In Attendance

Lorraine Cowie, Head of Strategy and Transformation
 Pamela Cremin, Chief Officer, North Highland
 Ruth Daly, Board Secretary
 James Gow, Argyll and Bute
 Mike Hayward, Deputy Chief Officer (Acute)
 Brian Mitchell, Committee Administrator
 Kate Patience-Quate, Deputy Director of Nursing
 Elaine Ward, Deputy Director of Finance
 Emily Woolard, Non-Executive (from 9.40am)

1 STANDING ITEMS

1.1 Welcome and Apologies

An Apology was received from Evan Beswick (Committee Member).

1.2 Declarations of Interest

There were no formal Declarations of Interest.

1.3 Minute of Meeting held on Friday, 01 March 2024 and Rolling Action Plan

The Minute of the Meeting held on 01 March 2024 was **Approved**.

The Committee **Agreed** the corresponding Action Plan actions as **Complete**.

2 FINANCE

2.1 NHS Highland Financial Position 2023/2024 Report (Month 11) and Cost Improvement Update

The Deputy Director of Finance spoke to the circulated report that summarised the NHS Highland financial position as at end Month 11, advising the Year-to-Date (YTD) Revenue over spend amounted to £42.595m, with the forecast overspend set to reduce to £36.196m as of 31 March 2024 following receipt of additional funding. The year end forecast was £32.476m better than presented within the financial plan and continued to assume support to balance the Adult Social Care forecast overspend. The relevant key risks and associated mitigations were outlined. The circulated report 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; Adult Social Care; Acute Services; Support Services; Argyll & Bute; assurance of progress against the Cost Improvement Plan Programme; Supplementary Staffing; subjective analysis; overall forecast position; and Capital Spend. The report proposed the Committee take **Limited Assurance**, for the reasons stated.

The following matters were discussed:

- Adult Social Care Overspend. Advised discussion with Highland Council ongoing in relation to possible solutions. Some progress made on reaching a compromise position.
- Allocations Spend Slippage. Stated Primary Care Improvement Fund represented a challenging area of spend. Other slippage was across a small number of activity areas, with higher levels of slippage noted across allocations received later in the financial year.
- Governmental Approach. Questioned if government approach to allocation of funding had altered of late. Advised allocations were expected to continue to be received in bundles into 2024/25 financial year. There were moves to reduce the number of small allocations being received however this was likely to be a challenge to achieve at national level.
- Highland Social Care Partnership. Adverse movement noted in M11. Questioned if would impact on reporting for 2024/25 in terms of planned spend versus actual spend. On the overall associated spend level, advised position approximately as anticipated at start of financial year. Suggested deeper dive required in relation to Independent Sector Social Care spend drivers. Confirmed Highland Council responsible for Adult Social Care, however accepted relevant service definition would assist in defining these elements. A cost reduction plan would be discussed, with a range of additional actions also planned.
- Supplementary Staffing. Confirmed level remained static across M12. Questioned if able to make any significant progress in this area. Advised detailed work stream being led by Director of People and Culture and Professional Leads and would look at aspects such as staffing efficiency, and engagement frameworks. Any future change would be challenging. Management of wider government expectations may impact future actions.

After discussion, the Committee:

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

2.2 Feedback on Financial Plan 2024-27

The Director of Finance spoke to the circulated letter, received from the Director of Health and Social Care Finance, Digital and Governance in relation to the draft NHS Highland Financial Plan 2024-27 as previously submitted. She advised an appropriate response would be sent from NHS Highland, seeking further guidance and clarification on a number of aspects including relevant timescales. It was noted the circulated letter had referred to increasing planned care activity, however it was clear aspects relating to the draft Financial Plan required to be addressed before relevant action could be taken forward.

On the matter of increasing efficiency, L Cowie added Integrated Service Planning activity had already identified areas where improvement activity could be sought and emphasised appropriate transformation work required to continue to be taken forward. Referencing the Planned Care Submission, she advised a revised submission had been requested and issued. NHS Boards were also being invited to bid for a share of NRAC funding resource for specific activity areas, an update on which would be brought to the next meeting.

The following aspects were discussed:

- Late Requests for Changes. Questioned if specific direction of travel noted. Advised seeking activity levels comparable with that in 2023/24.
- Planned Care Resource. Advised sums made available on NRAC basis, to offset the previous allocations that had been applied to the bottom line. Where previous allocations had not been applied to the bottom line, any new resource could be put toward Planned Care improvement activity. Maintaining Planned Care activity in 2024/2025 was dependent upon keeping a number of additional beds open, thereby incurring additional expenditure. Planned savings activity was predicated on closing those beds.
- Annual Delivery Plan (ADP). Questioned if government response likely to provide sufficient political cover for relevant choice statements contained in draft ADP. Given the ADP remained in draft form, where did this leave NHS in terms of authority to spend etc? Noted initial feedback meeting held and the position explained to government. Aspects relating to political cover required but yet to be clarified.
- Draft ADP Status. Advised government had provided positive informal feedback on draft outline of overall ADP position and challenges faced. Stated NHS Plan unusual in not being either accepted or rejected at this stage of the process. This raised number of governance questions to be taken up with government. A clear direction on what required from NHS was required. The NHS Board could not be asked to sign-off on a draft Plan.
- Potential Impact on Financial Statements. Stated if in turn this resulted in indication of a financial loss, this would likely result in a Section 22 Report being issued. This also raised a number of technical questions the NHS Board would be required to consider.

After discussion, the Committee:

- **Noted** the circulated letter and update provided.
- **Noted** an update would be provided to the next meeting on NRAC funding resource bids.

3 Capital Formula Spend & Asset Management Group Update on Meeting held on 20 March 2024

The Director Estates, Facilities and Capital Planning spoke to the circulated report providing the Committee with an update on allocation and delivery of the Capital Formula Spend delivered through the NHS Asset Management Group. An Asset Management Group report was provided, advising as to changes to the respective Terms of Reference and overall remit. Updates were also provided on the work of the Capital Prioritisation Group, Capital Allocation position and outline of the associated monitoring reporting process. The Finance, Resources and Performance Committee would be updated through the provision of both a monthly and annual report. Reporting on Major Capital Projects would be via the same mechanism, with an SBAR approach adopted. The report proposed the Committee take **Moderate Assurance**.

There was discussion of the following:

- Disposal of Surplus Sites. Confirmed authority in relation to declaration of surplus sites was reserved to the NHS Board.

- Capital Allocation Process. Advised initial assessment would be by the Capital Prioritisation Group, with a whole system plan emerging over time.
- Backlog Maintenance. Advised process involved using the Scottish Asset Management System (SAMS) to give priority ratings for relevant activity. This formed part of the whole system plan approach planned for adoption. Further updates would be provided.
- North Coast Service Redesign Project and SBAR. Advised further consideration being given to definition of North Coast Scheme overall as opposed to only the Caithness element. Specific project elements may be separated out however no formal approach had yet been agreed. Further updates would be provided as consideration continued.
- Argyll and Bute. Confirmed pro rata approach to resource allocation discussed with Key Leads and would be formally established.
- Government Monitoring of Impact of Capital Freeze. Advised NHS Boards had been requested to make submissions, based on the implications of a Capital Project spend freeze. There had been no formal response to date although it was understood a whole system plan was being considered at national level, based on individual NHS Board 10-year backlog maintenance plans.
- Grantown Medical Centre. Advised Project had been considered as “in construction” and as such continued to be funded.

After discussion, the Committee:

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

4 Strategy and Transformation Assurance Group (STAG) Update

L Cowie spoke to the circulated report providing an update in relation to the Strategic Transformation Assurance Group (including Choices), set up as part of the overall strategic change process that had been established. The report provided an update on the work of the Group and outlined the next steps for moving forward strategic design and Choices work programmes aligned to the NHS Annual Delivery Plan for 2024/25. There had been three meetings held, mainly focused on approval of the Charters for strategic change and making decisions around discovery work required to support immediate Choice priorities. Programme assurance reporting for each of the strategic transformation programmes and Choice priorities had been taken forward at their meeting held on 11 April 2024. Updates were also provided in relation to specific Choices activity; professional leadership arrangements; strategic change process and decision making framework. The report proposed the Committee take **Substantial Assurance**.

The following areas were raised in discussion:

- Well Themes. Suggested the mapping of relevant Well Themes with a view to providing assurance relevant activity was being taken forward under the current STAG process. Consideration of the Medium-Term Plan also sat under the STAG process.
- Value and Efficiency. Advised this considered aspects relating to business-as-usual activity, resources, performance, and improvement programmes. It was stated a Performance Framework review required.

After discussion, the Committee:

- **Noted** the report content and update.
- **Agreed** to take **Substantial** assurance.

5 Annual Delivery Plan and Medium-Term Plan

The Head of Strategy and Transformation advised the NHS Draft Annual Delivery Plan for 2024/25 and Medium-term Plan 25/27 was submitted to Scottish Government in early March. The plans had been developed following extensive engagement with colleagues and leaders across the organisation. The report provided an update on next steps within Highland. Argyll and Bute had provided their key planning priorities given this would be the final year of their strategic plan. Guidance had been provided to enable alignment with the financial plan. 2024/25 marks the halfway point of the NHS Highland's Together We Care strategy, it was agreed to anchor our response to the Annual Delivery Plan in terms of the "well" themes.

The Draft ADP/MTP Document set out the strategic context, how we will enable change, problem statements, key objectives, outcomes, and priorities over the next three years, with a greater level of detail for the next 12-month period, along with an understanding of alignment to policy. The Delivery Plan Excel Template detailed the actions, deliverables, and milestones for delivery of each project. The Delivery Plan Excel Template will be kept 'live', and be reviewed and revised, with progress updates submitted to Scottish Government. However, the exact reporting requirements from Scottish Government was yet to be confirmed.

Initial feedback from Scottish Government on our ADP/MTP had been positive on our approach to setting out our plan. Formal feedback is expected by the end of April and would be incorporated into a final version of the ADP, expected to be presented to the NHS Highland board meeting in May for final approval.

In discussion,

- Key Performance Indicators (KPIs) would be incorporated after the planned care submission. Work was ongoing to develop clear KPIs for each area as part of the programme and assurance report.
- Members questioned whether any deliverables outlined in the plan would lead to further additional funding and if given financial circumstances would be achievable. The Head of Strategy and Transformation advised that all aspects of the plan had been reviewed with the Director of Finance to ensure deliverables were achievable without additional funding.
- It was noted that any KPIs in the plan had been previously agreed through submission to Scottish Government and would need to approve any trajectories if they need to be refined.
- Deputy Chief Executive highlighted the complex situation and explained that changes made based on incoming decisions were being tracked to maintain an incremental change element to the plans. This would enable analysis to be provided to aid understanding.
- Members acknowledged there was ambiguity when planning and challenges in meeting expectations. Members also noted that ideally both plans would go to the Board meeting in May for approval together.
- Members reflected on the positive aspects and ambition of the plans highlight the good that was happening daily. However, acknowledgement of achievements and short comings can be used as a tool for accountability can help strive toward improvement.
- The Head of Strategy and Transformation confirmed they would review the Anchor Well and Value well metrics to have KPIs embedded in the next iteration.
- The Head of Strategy and Transformation advised she would reflect on comments given as it is a public document when they review the performance framework and provide that assurance to the Committee.
- Members highlighted the need for a clear link between the Annual Delivery Plan and the Financial Plan. Deputy Chief Executive noted the challenge of financial and delivery aspects being treated differently within processes. Other health boards are taking a similar approach which provides better grounding and with time it there will be better synchronisation and alignment.

The Committee:

- **Endorsed** the draft priorities set out in the Annual Delivery Plan and Medium-Term Plan.
- **Agreed** to receive updates on the Delivery Plans from the end of June 2024 (once formally approved by the Board in May 2024) through the agreed performance assurance reporting mechanism for Committees and the Board, which align the priorities from the ADP/MTP.
- **Agreed** there are several choices included within the plan that may or may not proceed as they are discovery pieces of work and there are clear processes described to manage this.
- **Agreed** to take **substantial assurance** from Annual/Medium Term Plan process but **could not accept substantial assurance** from the Annual/Medium Term Delivery Plan content.

6. Planned Care Submission

This item was not spoken to at the meeting.

After discussion, the Committee Noted the report would be spoken to at the next meeting.

7. Environment and Sustainability Update

The Director of Estates, Facilities and Capital Planning explained that the Environment & Sustainability (E&S) Board continued to meet bi-monthly with the objective of reviewing project progress, strategy development and to discuss other relevant E&S topics that need attention for the board to operate more sustainably. The E&S Board was the reporting mechanism for all Environment & Sustainability led sub-groups.

Following a recent National NHS Scotland Climate Emergency and Sustainability Board Meeting, the decision was made that the National Sustainability Auditing Tool (NSAT) will no longer be a Scottish Government Mandatory requirement. The E&S Board will continue to use the internal monitoring tool whilst developing the Environmental Management System.

Work continued to progress on the Net Carbon Zero Route map. NHS Highland had begun to engage with Mott MacDonald to progress Net Carbon Zero solutions. Site surveys had been completed at New Craig's, Lawson Memorial Hospital, and Portree Hospital. 2024/25 sites are to be identified in the coming months. These sites will be chosen in conjunction with evolving service redesign.

With NSAT not being used, the Public Bodies report becomes a mandatory reporting mechanism to Scottish Government. It is anticipated that the submission will need to be sent by Q3 2024. University of the Highlands and Islands & NHS Highland had started to progress with the development of the Environment Management System (EMS). There is a meeting in May to update on progress. The Environment & Sustainability Team recruitment had been completed for all roles enabling work to progress period on energy reduction, active travel, waste reduction and green spaces.

In discussion,

- Members highlighted the need for balance between ambition and practicality as we navigate challenges and recognise both opportunities and limitations ahead.
- The Director of Estates, Facilities and Capital Planning advised that in an executive lead meeting with Scottish Government, changing targets and funding available was questioned. It was made clear in the meeting that focus should be on what is achievable.

- The Director of Public Health and Policy noted while some environmental actions would require additional funding, there were also opportunities to leverage environmental initiatives available.
- Members sought clarity on whether the Public Bodies Report was specific to environment and sustainability, and questioned funding for the Knowledge Transfer Partnership. In response, the Director of Estates, Facilities and Capital Planning confirmed the Public Bodies Report was specific to environment and sustainability. Funding for the knowledge Transfer would potentially be zero cost to the organisation, however, if required internal funding was secured.

After discussion, the Committee:

- **Noted** the progress of the development of NHS Highland's Environmental & Sustainability Strategy and associated projects.
- **Agreed** to take **Moderate assurance**.

8. Finance, Resources and Performance Committee Annual Work Plan 2024/2025

The Committee Chair introduced the Annual Work Plan and welcomed discussion, in which it was noted:

- Members suggested tweaking the 'Annual Delivery Plan & Medium-Term Plan (if update received from Scottish Government)' due to go to Committee in May to include the Financial Plan element.
- The Head of Strategy and Transformation reflected on the deep dive approach being taken and the need to review how to coordinate specific areas across the system. Planned Care was an item due to be presented at this Committee in May, so she suggested this as the item to focus on first.
- Chief Executive asked for the work plan to ensure that it was the 2025 meeting schedule that was reviewed.

After discussion, the Committee Endorsed the 2024/2025 Work Plan.

9. Finance, Resources and Performance Committee Annual Report 2023/2024

The Chair welcomed comment on the Annual Report and explained the requested changes had now been incorporated. It was noted that now the committee has endorsed the annual report it would be submitted to Audit Committee.

After discussion, the Committee Endorsed the revised Committee Annual Report 2023/2024.

10. Committee Self-Assessment Survey Results

The Chair noted four areas where differences were provided within the responses. It was noted that the biggest differences in response had been provided in relation to 'papers are provided in sufficient time prior to the meeting to allow me to effectively scrutinise and challenge the assurances given'. It was suggested asking members to reflect on their readings of the results.

In discussion,

- Members noted the committee may need to reassess operations considering the implications of the financial situation.
- Members sought clarity on the debate as to whether to conduct a 'deep dive' into specific issues or maintain a broad overview of performance, with a focus on areas where performance is poor.
- Members highlighted how finances are presented at the Highland Health and Social Care Committee and the relationship it has with FRP.
- The Head of Strategy and Transformation explained that the deep dive reflected on concerns raised at various committees, with a focus on improving the connection across the board, addressing long-standing issues, and discussing any areas that were escalated through the board without the desired improvement.
- The Head of Strategy and transformation noted timeliness of papers has been challenging due to changing inputs from SG, but a shift in committee dates to mid-month is expected to improve data quality issues and bring about a more positive footing moving forward.
- Members suggested to align the finances, quality, and performance the committee would benefit from receiving the most recent data. It was noted that committee received update on the most recent financial position and questioned if the most up to date performance and quality data should also be provided.
- Deputy Chief Executive noted the committee was a sub-committee of the Board and therefore would need to ensure connection with the feedback from the board review when it comes to the IPQR.
- The Chair questioned how long the monthly meetings continue to be scheduled as no development sessions had taken place since the switch from bi-monthly to monthly.
- The Head of Strategy and transformation highlighted the reason for performance and quality data not being aligned with the financial data was to ensure that all data provided at the committee had been through the quality process.

After discussion, the Committee Agreed the appropriate way forward.

11. Remaining Meeting Schedule for 2024

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

The Committee:

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

12. DATE OF NEXT MEETING

Friday 3 May 2024 at 9.30 am.

The meeting closed at 11.40am