

## **Orkney NHS Board**

Minute of meeting of **Finance and Performance Committee of Orkney NHS Board** held in the **Saltire Room, Balfour Hospital, Kirkwall** on **Thursday, 31 January 2019** at **09:30**

**Present:** Davie Campbell, Non-Executive Director (Chair)  
Caroline Evans, Non-Executive Director  
Gerry O'Brien, Chief Executive  
Meghan McEwen, Non-Executive Director  
James Stockan, Non-Executive Director

**In Attendance:** Christina Bichan, Head of Transformational Change and Improvement  
Malcolm Colquhoun, Head of Hospital and Support Services  
Derek Lonsdale, Head of Finance  
Kenny Lowe, Value and Sustainability Lead  
Louise Wilson, Director of Public Health  
Gemma Pendlebury, Committee Support (minute taker)

### **726 Apologies**

Apologies were noted from Ian Kinniburgh, Fiona MacKellar, David McArthur, Pat Robinson and Marthinus Roos.

### **727 Declarations of Interests – agenda items**

No declarations of interest were raised with regard to agenda items.

### **728 Minutes of Meeting held on 29 November 2018**

The minute of the meeting held on 29 November 2018 was accepted as an accurate record of the meeting and was approved, with the following amendment:

- M McEwen should be added to the record of attendance
- D Drever should be removed from the record of attendance
- The Chief Executive's title should have 'interim' removed and should be noted as in attendance at the previous meeting
- K Lowe should be added onto the record of attendance

### **729 Matters Arising**

#### **327 - Heart Failure Nurse update**

An update was received that the Lead Nurse and British Heart Foundation Cardiac Specialist Nurse had met to discuss the role of Heart Failure Nurse, however the Chief Executive had not received feedback by the time of the Finance and Performance Committee meeting. The Chief Executive noted that he would seek feedback from A Manson, British Heart Foundation Specialist Nurse, and M Firth, Head of Primary Care Services and provide an update to the Committee Support for circulation to members.

*Post meeting note: Gerry to send HFN update to Gemma for circulating to the group.*

## 516 – Service Level Agreements Review Patient Travel

This item was to be discussed under item 8.3.

### 730 **Action Log**

The action log was reviewed and members agreed that the recurring item would be removed from the action log and reported on as and when required.

## **Performance Management 2018/19**

### 731 **Performance Report – FPC1819-36**

The Head of Transformational Change and Improvement delivered the Performance Report to the Committee and provided assurance on performance with regards to the Local Delivery Plan standards.

Key items that the Head of Transformational Change and Improvement illustrated to members were:

- Challenges remain in relation to timely access to outpatient services as well as psychological therapies and child and adolescent mental health services
- Performance in connection with the four hour Accident and Emergency target continued to fluctuate around the 95% target level
- Performance regarding the Cancer 31 and 62 day standards was below the required level in the most recent reporting period at 50% - this represented one patient out of two and following investigation of the issues it was confirmed that there were complex and unavoidable issues which caused the breach
- There had been a difference in performance seen over the winter festive period, which had been anticipated, though the challenges experienced regarding diagnostics were noted as a rarity. These challenges had been due to the surgical staffing model which had not been maintainable to the standards expected. There had been a plan implemented for improvement in performance and that plan was being actively managed by the hospital team
- A bid for funding to support continued targeting of the outpatients waiting time target had been submitted to the Scottish Government's Access Support Team with the outcome of approximately £62k awarded following the Government's Waiting Times Improvement Plan. The funding would enable additional focussed activity in Dermatology, Ophthalmology and Cardiology to reduce the backlog of long waits
- Ophthalmology patient waiting times had worsened over the Christmas period, however action was being taken alongside the ophthalmology team in order to assist with the running of and waiting time performance of the cataract service
- Performance with regards to the Accident and Emergency waiting times continued to fluctuate around the 95% target which was considered the norm for that service and remained to be above the Scottish average level

J Stockan raised a query in connection with the Scottish Government Access Support Team funding and requested further understanding around the translation of those awarded funds into change for the services and waiting times targets. The

Chief Executive responded that the funds would be used to purchase additional capacity within the service, focusing on key areas which consistently breach the waiting times targets. A report back to the Scottish Government would be required to detail the uses of these funds.

J Stockan raised a second query regarding whether there was any comparative data detailing NHS Orkney waiting times targets performance across the years, for example whether the theatre schedule full due to there being more cases and increased demand, or whether it was due to the failure to meet the patient waiting times targets. The Head of Transformational Change and Improvement responded that theatre schedules were fuller due to both the waiting times targets and also increased demand. The move to the new hospital where there will be the option of utilising two theatres in cases of high demand would help to alleviate pressures. She also highlighted that another cause for the increase in waiting times over the festive period was due to delayed discharges.

### **Decision/Conclusion**

The Committee noted the Performance Report and were assured of progress being made against waiting times targets.

### **Financial Management and Control 2018/19**

#### **732 Financial Management Performance Report for period ended 30 September 2018 – FPC1819-37**

The Head of Finance delivered the Financial Management Performance report to the Committee.

NHS Orkney commenced the year with a recurring surplus, with significant levels of funding being set aside for cost pressures, and a consequent savings target of £2.7m.

At the end of January 2019, NHS Orkney was in a position of £923k overspent on the Core Revenue Resources Limit, with six cost centres contributing significantly towards the overall position. The Head of Finance drew members' attention to section four of the report, noting consistency of the areas of overspend with previous reports:

- Mental Health
- Patient Travel
- Surgery budget shortfall
- Acute Ward nurse staffing
- The Hospital medical team consultants – use of locums
- Radiography

He did however noted that spend in relation to patient travel was down due to the lack of travel over the festive period.

A summary of servicer areas was provided for members on page six of the report, noting that Hospital Services were overspent due to issues recruiting to some positions. These recruitment issues were a nationwide problem and outwith the control of NHS Orkney.

There was adverse variance noted within the Pharmacy budgets, however this was due to medication being required which would be covered within the specialist drugs fund.

Internal commissioned services by the Integration Joint Board were in a position of £63k overspend. Most savings made within the IJB were due to workforce savings and vacancies.

At the end of December the year to date position was an overspend against the revenue resource limit of £0.923m and limited delivery of savings. Sufficient financial flexibility was available to cover the non-recurring savings target; however the recurring target was noted as at significant risk.

Overspends within the service are primarily due to the need to deploy supplementary staffing in order to maintain core activity, and address growth in demand for elective services. That includes a further increase in the requirement for locum hospital medical cover, and a significant increase in the costs of psychiatry cover.

Based on the month 9 position, the forecast was an over spend of £1.321m, with assumed agreement in the NHS Grampian Service Level Agreement to reduce the cost. A formal letter was being drafted.

The impact on 2018/19 is currently being transferred into the draft long term financial plan.

### **Decisions/Conclusion**

The Committee noted the Financial Management Performance Report and were assured of progress.

## **733 Integration Joint Board Revenue and Expenditure Monitoring Report – FPC1819-38**

The Chief Finance Officer of the Integration Joint Board was unable to attend the meeting, however the report was provided for members with the ability for any queries to be fed back upon.

The report provided information regarding key areas of expenditure, highlighting significant variances for information and action.

Members felt that it would be appropriate for the report to be discussed further and in more detail at the next meeting.

M McEwen raised a query regarding the use of language within the report, specifically stating that the Integration Joint Board was overspent. She felt this was not possible as the IJB only employs two members of staff. She requested that there be a change in language around discussing the IJB budgets and the individuals who need to undertake planning to ensure control. The Head of Finance agreed and noted that spend and budget was not within the remit of the IJB, instead it was for the partnership bodies (NHS Orkney and Orkney Island Council) who commissioned services via the IJB, and this change in terminology was being addressed.

The Director of Public Health queried whether there was scope to undertake

discussions with the IJB to highlight to them what is and what is not considered deliverable with the funding provided.

### **Decision/Conclusion**

Members received the report and noted the financial position of Orkney Health and Care as at 31 December 2018.

### **Service Development and Review 2019/20**

#### **734 Operational Plan Delivery and Launch – FPC1819-39**

The Head of Transformational Change and Improvement delivered the report giving an update in regards to the national and local requirements for the Operational Planning for 2019 and beyond.

The Chief Executive clarified for members that normally by this time of the year NHS Orkney would have received planning guidance from the Scottish Government. Currently the guidance had not been received. Work had however begun between the Chief Executive and the Head of Transformational Change and Improvement in anticipation of receiving that guidance and they were planning to present a narrative document to the next committee meeting, supported by the high level financial plan.

M McEwen queried the reason for the delay in receiving the guidance from the Scottish Government and the Chief Executive explained that this was due to a number of factors, most notable the Cabinet Secretary being so newly instated in post and there being no Director of Performance currently.

J Stockan noted that there was a different approach from the new Cabinet Secretary and confirmed his interest as to the implementation of the Early Prevention agenda and was keen to see how it would transform NSH Orkney performance and approaches in years to come.

### **Decisions/Conclusion**

Members noted the Operational Plan Delivery and Launch document and were assured of the progress in regards to national and local requirements for Operational Planning for 2019.

#### **735 Service Level Agreement – Progress update – FPC1819-40**

The Head of Transformational Change and Improvement delivered the update Service Level Agreement report to the committee, noting that further progress reports would be provided to the committee on a regular basis.

This report was a follow-up to the SLA review report received at the October 2018 committee meeting, covering externally commissioned services for NHS Grampian Acute Care Services, Patient Travel and NHS Grampian Mental Health.

A piece of work had been conducted regarding the Acute SLA, reviewing the service model and scenarios. This had then been used during a positive meeting with the NHS Grampian Director of Finance and an agreement was reached to move back to a process with regular reviews in conjunction with NHS Grampian around how the SLA money was spent.

The Head of Transformational Change and Improvement noted that this work had set in motion a plan for the year ahead, utilising available resources to better project the activity alongside work being done on the patient travel SLA would help to consolidate efforts.

The Director of Public Health queried whether there would be an option to include any quality markers within the Acute Care SLA with NHS Grampian, however the Head of Transformational Change and Improvement clarified that there was no written SLA in place. By establishing a management process to better support Acute activity during 2019, it was hoped that the relationship between NHS Orkney and NHS Grampian could be built upon and that in time quality markers could be implemented.

M McEwen queried whether the Acute SLA budget was being transferred across to the Quality Improvement department from its previous location, Finance, and the Chief Executive confirmed that the Head of Transformational Change and Improvement would be better placed to make decisions around SLAs and so the budget would be permanently be transferred across to Quality Improvement.

The costing of the services provided were based on a three year rolling average of activity data applied against unit costs per patient day or appointment. The unit costs were increased year on year by a standard inflationary uplift. Following a change in accounting treatment several years ago, additional lump sums, totalling £1.4m, have also been added to better reflect the total costs of the services being provided. It has been accepted that these lump sums were based on historical activity levels much greater than currently being experienced. A revised SLA costing model has been developed in-house to recalculate full cost recovery based on current activity levels, with savings of up to £0.9m. NHS Grampian has agreed in principle to a reduction in the current financial year.

J Stockan raised a query as to whether less costly services would be repatriated to allow the continuation of more expensive operations. In connection with this the Head of Transformational Change and Improvement noted that there were still a number of day surgery and outpatient operations and clinics which were being conducted in NHS Grampian which could be being undertaken in NHS Orkney in order to assist with the patient wellbeing (i.e. not needing to travel outwith Orkney for their operation) and costs. There would also be funds being repatriated from the SLA for use elsewhere in order to promote services within NHS Orkney by way of reinvestment.

### **Decisions/Conclusion**

Members of the committee received the Service Level Agreement update report and were assured of the progress being made.

#### **736 Travel Project – FPC1819-41**

The Committee received an update in relation to the Travel Project which had been undertaken as part of the SLA review.

Members were informed that there was considerable overspend on patient travel (£2.5m or 4% of the annual budget, with a current overspend of £0.2m). In order to mitigate this, discussions had taken place with Loganair, though these only partially offset the overspend.

Work had then been undertaken to review and revise the Travel Policy in order to align with other island health boards. Opportunities had been identified in different areas of service where alternative ways of working in relation to patient travel could be explored, i.e. consultations and clinics via video conferencing.

A bid had been submitted to NHS Scotland for additional funding and £63k had been secured in order to support the development of remote clinics and to establish a project to deliver clinics and bring spending back into line with the budget. Both travel to and from the Northern and Southern Isles to mainland Orkney, as well as travel outwith Orkney were being investigated. The Chief Executive noted that the project was first and foremost about delivering the best service possible to patients and members strongly agreed with that assessment.

J Stockan took the opportunity to raise the very real issue of connectivity within Orkney and the Isle. He noted that the neared patients were able to be seen to their homes, the more security and confidence they felt in their health and care. It was key that technology enabled the care of those individuals and current connectivity issues were impeding that care.

A robust discussion took place regarding the struggles faced in relation to connectivity on the Isles, specifically in light of the project work being undertaken around patient travel and alternative methods of delivering care and services to patients.

Members were keen for the Chairman of the NHS Orkney Board to write to the Scottish Government on all Board Members behalves, highlighting to them the disadvantages felt across the Isles due to poor connectivity and the inherent need for action to be taken to ensure that patients were no longer disadvantaged.

The Director of Public Health noted the balance of technology and connectivity advancements with the 'One Stop Shop' approach to clinics. Patients being able to visit one central place for all of their healthcare needs and being combined into a singular visit would have a tremendous impact on the patient experience and their overall wellbeing. The current patient experience was not good when multiple visits were required at various different locations and she noted that there was work needed to ensure the alignment of services. The Head of Transformational Change and Improvement noted that this engagement was required at specialty level and that NHS Grampian were also looking at targeting this problem too. She confirmed that NHS Orkney would be linking in with NHS Grampian project managers to move the project forwards. J Stockan further commented on the inherent value of the project. M McEwen noted that the digital capabilities within the Isles needed to be captured on the Corporate and Operational Risk Registers.

### **Decisions/Conclusion**

Members of the Committee received the Travel project update and noted the work that had been undertaken, as well as the further work which needed to be conducted. Members requested that the Chairman of the NHS Orkney Board write to the Scottish Government on the behalf of all Board members to highlight the disadvantages felt Orkney-wide due to continuing connectivity issues.

### **Performance Management 2019/20**

## 737 **Waiting Times Improvement Plan – FPC1819-42**

The Head of Transformational Change and Improvement delivered the Waiting Times Improvement Plan to members of the Committee, providing a high-level summary of the required areas for focus 2019/20 in line with the Healthcare Waiting Times Improvement Plan recently published by the Scottish Government.

The Head of Transformation Change and Improvement noted that in line with the Waiting Times Improvement Plan document, NHS Boards were expected to make phased, decisive improvement in the experience of patients waiting to be seen or treated over the following 30 months, achieving the following targets:

### **By October 2019**

- 80% of outpatients will wait less than 12 weeks to be seen
- 75% of inpatients/day cases (eligible under the treatment time guarantee) will wait less than 12 weeks to be treated
- 95% of patients for cancer treatment will be continue to be seen within the 31-day standard

### **By October 2020**

- 85% of outpatients will wait less than 12 weeks to be seen
- 85% of inpatients/day cases will wait less than 12 weeks to be treated

### **By Spring 2021**

- 95% of outpatients will wait less than 12 weeks to be seen
- 100% of inpatients/day cases will wait less than 12 weeks to be treated
- 95% of patients for cancer treatment will be seen within the 62-day standard

The Head of Transformation informed members that the trajectories set out were challenging due to the number of patients being relatively small in NHS Orkney and that there were challenges building a service around such small numbers. She also noted that there were a number of options to be explored around the most viable ways of tackling waiting times, specifically the different approaches required for each individual service.

Members were informed that guidance has not yet been provided in regards to mental health access targets, however it was expected shortly. There was also information expected regarding access funding, specifically that funding would not be allocated in the same manner as previous years, but instead the majority of funding would be apportioned on the basis of Health Boards and services with the longest waiting times. The Chair took the opportunity to query whether the potential funding gap that this would cause would be a risk to the budget for 2019/20 and the Chief Executive responded that whilst there would be no risk to the budget, there would be a risk to NHS Orkney waiting times.

Models of service provision outlined in the report had been developed in conjunction with the teams involved and, where appropriate, the involvement of those providing visiting services through either direct engagement or the involvement of the Secondary and Tertiary Flows Group Regional Working Group. This group had been formed to target the achievement of elective waiting times across the region in recognition of the interconnected nature of many specialities across Board boundaries and the desire to deliver equity of access across the North of Scotland.

The Director of Public Health made the point in connection with services such as

Rheumatology that if patients can be seen promptly and waiting times cut down, the outcome for the patient and their wellbeing could be dramatically improved. There was a need to look at more chronic conditions more closely and the impact on patients and future Health Board spend. The Chief Executive noted that this was a good point with a logical flow of sound arguments. Progress in this regard would be possible if NHS Orkney had a substantive consultant base. In reality, NHS Orkney was dependent on recruitment to those consultant positions.

### **Decisions/Conclusion**

Members of the Committee received the Waiting Times Improvement Plan report and were assured of the progress being made.

## **Financial Management, Control and Planning 2019/20**

### **738 Financial Plan 2019/20 – 2023/24 – FPC1819-43**

The Head of Finance delivered the initial draft of the Financial Plan for 2019/20 to 2023/24, highlighting that the report was for discussion in order to achieve a manageable plan for the period 2019 to 2024. Members were made aware the Financial Plan paper would be refined and returned to the next meeting of the Finance and Performance Committee seeking approval from the Committee.

He was keen to illustrate to members that the draft financial plan indicates that NHS Orkney was spending significantly more than its current allocations and that failure to take the necessary steps to reduce expenditure would result in the non-achievement of financial targets. Short term support would be requested from the Scottish Government, however, in order to move forward, NHS Orkney must reduce its recurrent baseline expenditure by approximately £1.7m by the end of 2021/22, as well as eliminating the excess costs of locum medical staff and mental health services. The report also illustrated to members the high cost areas of expenditure that were outwith the control of NHS Orkney.

The Head of Finance noted that the underlying position was not as good as it should have been, due to not delivering the recurring savings target over previous years. He felt it key to highlight to members that healthy uplifts do not cover the basic rise in costs on a year-on-year basis.

He also drew members attention to the following key points from the report:

### **Recurring Board Specific Expenditure**

- An allocation had been received from the Scottish Government for the pay award and incremental drive
- There was a surplus of £0.674m which could be realised with the disuse of locum medical staff and consultants. This could only be realised if all vacancies were recruited to successfully if we had all consultants in post. This surplus will be added back into the report at a later date as a cost pressure should the recruitments not be successful and the need for locum cover be required to continue
- The Laboratory contract had been finalised and was generating a pressure of £100,000k per annum
- 24/7 administration support of the new hospital facility would ensure full support of wards
- Recurring expenditures had been included within the report and would be going forward

- Additional funds had been allowed for the move to the new hospital with the overall cost having increased to £1.5m
- Additional expenditure had been allowed for in relation to the Primary Care Improvement Plan and mental health services
- There was a pressing need to increase the cover arrangements within the hospital to allow for the release of staff to undertake basic and statutory training. A cost allowance had been set aside to provide for the Acute ward only increasing cover levels from circa 22% to 30%. Further work was required around this item, however increased cover levels was strongly advocated by the Head of Hospital and Support Services with the support of the Director of Nursing, Midwifery and Allied Health Professionals
- There had been recent developments with the business case for the midwifery lead sonographer, which had been approved and would be funded
- Additional expenditure had been allowed for a locally provided Forensic Medical Examination services. Funding for this particular investment had been provided by the Scottish Government.

#### **Non-Recurring Board Specific Expenditure**

- The forecast spend on medical locums was shown as £2.144m, which allows for expenditure of up to £4.8m on hospital based medical staff. This plan assumes that the Scottish Government would be making additional funding available to support those costs pressures in 2019/20. There was recognition that such a level of expenditure was not sustainable on a recurring basis within current allocations and that alternative recruitment strategies must be employed in order to mitigate the expenditure
- Long term off island mental health patients account for £1m per annum as they continue their treatment within a secure facility. Urgent work was required to explore alternative, should they be available
- Double running costs for the Balfour Hospital following the move to the new facility were allowed for within the report. The plan assumes that additional funding would be made available from the Scottish Government to support those costs.

The recurring savings target had been set in 2019/20 at £0.75m, which would be achievable through recovery from Services Level Agreements at £0.50m and £0.25m from patients travel. The plan does not assume carry forward of any undelivered savings from 2018/19.

From 2020/21 onwards a recurring target of 1% would be set. That figure was consistent with the planning assumptions set out in the Scottish Government financial framework.

A working group would be established to identify a long term savings plan in order to bridge the savings gap recurrently over the next five years and would be reported back to Finance and Performance Committee as part of the reporting process.

The Chief Executive noted for members that the £1m for mental health services was required to have transformation support in place. A further update would be forthcoming upon that and would help to consolidate where NHS Orkney stands in relation to this. He also noted that it was imperative to undertake discussions with the Scottish Government about the need for a specific allocation of funding for NHS Orkney when the need arises in connection with this item.

M McEwen raised a query with regards to the £2.144m spend on locum cover and

queried what other recruitment strategies could be adopted. A robust discussion took place regarding the need to re-imaging the working patterns of consultants, enabling for a more flexible and attractive position. The Head of Hospital and Support Services noted that currently there had been 12 consultants who have left NHS Orkney and had been taking advice regarding recruiting to those positions. The Medical Director was also investigating different methods of working. The major difficulty was due to NHS Orkney human resource services being fulfilled by NHS Grampian, who were also in competition to recruit the same consultants as NHS Orkney. He noted that further work was needed in order to ensure that NSH Orkney employment terms and conditions were isles-proofed. Members were reassured to hear that flexibility was being explored fully.

J Stockan queried whether there was a piece of work to be done regarding recruitment models and whether that paper should be presented to the Board. Members felt that there was a sense of urgency behind the investigations to be undertaken and required the full strength and support of the Board behind it.

### **Decisions/Conclusion**

Members of the Committee received the initial draft of the Financial Plan for 2019/20 to 2023/24 and were assured of the progress being made, areas for further investigation and action and welcomed further reports at future meetings.

### **Governance**

#### **739 Updated Banking Arrangements – FPC1819-44**

The Head of Finance delivered the report for information on the changes to the banking agreements to add on two additional members of staff to, and to remove one retired member of staff from the Bank mandate.

### **Decision/Conclusion**

Members received the report and approved of the amendments made to the Bank mandate.

#### **740 Issues raised from Governance Committees/ Cross Committee Assurance**

Members received the Staff Governance Cross Committee Assurance Report to update members on the item they had requested assurance on:

- Workforce challenges

Members of the Staff Governance Committee wanted to assure the Finance and Performance Committee that one of the Staff Governance Committee's priorities was to review outstanding vacancies and sickness absence. There was acceptance that action was required to improve the negative impact these issues were having on staff and services. There was some misconception amongst staff that there were delays in progressing recruitment because of financial restraints, but the Chief Executive had assured members that was not the case.

The Committee was also committed to tackling the difficulty in being able to release staff for training due to capacity.

## **Decision/Conclusion**

Members of the Finance and Performance Committee were assured by the fact that the Staff Governance Committee was committed to tackling issues faced in relation to workforce challenges.

### **741 Key items to be brought to Board or other Governance Committees attention**

Members agreed to bring the following items to the attention of the Board:

#### **Board:**

- NHS Orkney Financial Position
- Service Level Agreements update report
- Travel impact
- Connectivity issues within the Isles and the resulting difficulty to deliver services and ensure parity of care across the whole of Orkney

### **742 Any Other Competent Business**

There was no other business raised for discussion.

#### **Items for information and noting only**

There were no items for information or noting.

### **743 Schedule of Meetings 2018/19**

Members noted the schedules of meetings.

### **744 Schedule of Meetings 2019/20**

Members noted the schedules of meetings.

### **745 Record of attendance**

Members noted the record of attendance.

### **746 Committee Evaluation**

Members noted that the meeting had contained good, in-depth discussion and felt that the Committee was truly beginning to identify the key issues being filtered through from other governance committees. Members felt it was highly valuable to see items return to the Finance and Performance Committee agenda and to note progress being made against them at future meetings.

*The meeting closed at 11:15*