

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, 28 March 2019** at **09:30**

Present: Davie Campbell, Non-Executive Director (Chair)
Mark Doyle, Interim Director of Finance
Caroline Evans, Non-Executive Director
Meghan McEwen, Non-Executive Director (via TC)
Gerry O'Brien, Chief Executive
James Stockan, Non-Executive Director (Vice Chair)

In Attendance: Christina Bichan, Head of Transformational Change and Improvement
Lauren Johnstone, Committee Support (minute taker)
Ian Kinniburgh, Board Chair (via VC)
Derek Lonsdale, Head of Finance
Kenny Low, Value and Sustainability Lead
Fiona MacKellar, Employee Director
Pat Robinson, Chief Finance Officer
Emma West, Corporate Services Manager

868 **Apologies**

The meeting invite had been extended to members of the Area Partnership Forum.

Apologies were noted from Ashley Catto, Malcolm Colquhoun, Linda Hall, Ian Kinniburgh, Kathleen MacKinnon, David McArthur, Caitriana McCallum, Bob McGlashan, Julie Nicol, Marthinus Roos, Kate Smith, Maureen Swannie and Louise Wilson

869 **Declarations of Interests – agenda items**

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

870 **Minutes of Meeting held on 31 January 2019**

The minute of the meeting held on 31 January 2019 was accepted as an accurate record of the meeting and was approved, with the following amendment:

- J Stockan to be added to attendance record as present
- 732 Financial Management and Control 2018/19 – Financial Management Performance Report for period ended 30 September 2018 should read 31 December 2018.
- 732 Financial Management Report and Control 2018/19 - At the end of January 2019, NHS Orkney was in a position of £923k overspent should read December 2018.

871 **Matters Arising**

327 Heart Failure Nurse

The Chief Executive advised members a paper had been drafted by the Head of Primary Care Services. The paper included a number of options as a way forward and discussions were ongoing. I Kinniburgh, Board Chair noted that the item had been

ongoing for a considerable amount of time and queried the changes suggested to reinvigorate the project.

The Chief Executive confirmed that the 0.5WTE post would not be re-advertised and the option of additional physiotherapy and administration support to create increased capacity for existing staff would be considered. An update would be circulated when available.

Post meeting Note:

The Chief Executive and Chief Officer met with members of the local Orkney Heart Group and have agreed 1)an immediate increase to available administration support 2)exploration of options to provide additional physiotherapy support to the rehabilitation service and 3)a reworking of the current job description to full time and a reinvigorated recruitment process involving NES and other educational areas.

736 Travel Project

The Chair informed members that the Board discussed the Orkney-wide continuing connectivity issues and agreed to arrange a wider discussion before writing to the Scottish Government. I Kinniburgh, Board Chair confirmed that he had begun discussions throughout the Highlands and Islands and raised the issue at the last Cabinet Secretary meeting.

872 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.

Annual Operational Plan 2019/20

873 Draft Operational Plan – FPC1819-45

The Chief Executive introduced the plan to members of the Committee seeking approval for submission to the Scottish Government.

The Head of Transformational Change and Improvement informed members that in order to deliver the waiting time trajectories the requested investment was required. If funding was not received then these trajectories will not be deliverable and discussions to agree next steps would be undertaken.

The Head of Transformational Change and Improvement outlined the presentation advising that the three year plan included clear deliverables in year one and broader outlines for direction in years two and three. Members noted that guidance for the plan was received late in the day. Quarterly trajectories have been set based on historical referral patterns.

Assumptions have been made on principles of sustainability, and care closer to home would be the focus of delivery. Key clinical priorities would be identified through a refreshed Clinical Strategy and monitored through appropriate governance channels. Reference had been made to the Quality of Care Pilot and it was anticipated that performance would be enhanced through the commitment to and delivery of the Waiting Times Improvement Plan and the associated Quality Improvement Access Collaborative.

Endoscopy services project a balanced position by quarter four in year one and that the demand and capacity within Radiology were also well aligned.

L Bradford informed The Head of Transformational Change and Improvement that a mental health strategy was under development in order to assist meeting the 18 week referral trajectory. Members noted that this target was not routinely met, however took assurance that CAMHS target performances had improved.

Members took assurance that the Cancer 31 day and 62 day standards were met at 100% (standard 95%). Following discussion it was agreed that the Board target should be 100% as a consequence of our small numbers although dependency on other health boards was recognised as a limiting factor.

The Head of Transformational Change and Improvement advised members that the information detailed within the Inpatient / Day Case TTG Breaches graph was broadly reliant on clearing the backlog of cataracts, and that there was an action to seek support for addressing this through the national contract which was being established. Members were reminded of the fluctuating pattern of visiting services which do result in breaches periodically.

In year one, two and three roughly 500 additional outpatient slots would be created throughout the specialities; however this would come with financial implications. The timing of the move to the new hospital was accommodated within the plan as there would be unavoidable impact on the availability of appointments from down time during the migration period. J Stockan agreed that quarterly reporting would also present its challenges and limit the flexibility of approach.

Members were informed that without investment the number of patients breaching the access targets would rise considerably year on year, largely across two or three specialities. Without reoccurring investment, members agreed it would be difficult to meet the projected targets.

The Board Chair sought clarity that the suggested proposals could only be carried out if additional funding was received. The Chief Executive advised that a full assessment on the feasibility of other funding had not been carried out and that it would be a legitimate challenge to consider what else could be done to fund this should access monies not be made available to the Board.

The Employee Director highlighted that if cataract appointments were not increased; admissions to the falls clinic would, resulting in a knock on effect on overall admissions and noted that there were much broader consequences than target performance if this investment was not made.

The Performance Improvement plan detailed the suggested split of funding allowing considerable gaps to be filled. The Head of Transformational Change and Improvement advised that pain management required investment and that the right consultant support for this was paramount.

The Head of Transformational Change and Improvement highlighted the main risk presented within the plan was the assumption of workforce availability. Advocates for the service were available but funding was lacking. M McEwan stressed the importance of follow up patient care. The Employee Director advised that pathways were available for the clinicians so that patients had security once consultants had left Orkney. The Chief Executive highlighted the imminent challenges presented due to retirement and that there

would be heavy reliance on locums.

The Head of Transformational Change and Improvement concluded that trackers were put in place by the Health Intelligence team in the areas for review, however due to the new hospital move these will be impacted as necessary changes were made to our recording and reporting structures.

The Chief Executive closed the discussion by informing members that it was unlikely that we would be offered the same funding as last year, and in response the Board would stress the financial impact that this would bring including the potential closure of areas within the hospital.

Decision/Conclusion

Members approved the draft for submission to the Scottish Government.

874 Draft Financial Plan FPC1819-46

The Interim Director of Finance presented the draft Financial Plan 2019/20 to 2021/2022.

Members were advised that the Cabinet Secretary announced in the Scottish Parliament that NHS Boards would move to a three year planning and performance cycle commencing in 2019/20. NHS Orkney was required to set out a breakeven position over the three year planning period. Where this requirement was met, the Board would have flexibility to report under or overspends of up to one per cent of Boards' core revenue resource funding.

The Interim Director of Finance added where NHS Orkney could not deliver a break even position over three years it would remain escalated as part of the NHS Board Performance Escalation Framework.

Discussions continued with the Scottish Government around funding for depreciation for the new hospital £1.80m, an additional capital to revenue transfer of £3.4m and funding to meet the increased medical staffing costs of £2m.

J Stockan queried why depreciation was paid if the building was not owned by the Board. The Chief Executive responded that even though the building was not directly owned by the Board it is still required to be accounted for on the balance sheet.

Over the three year period, the Board is required to deliver £6m of planned savings as follows:

	2019/2020	2020/2021	2021/2022	
	£000's	£000's	£000's	Total
Planned Savings	750	750	750	2,250
Medical Staffing		1,000	500	1,500
Unidentified savings		2,100	100	2,200
	<u>750</u>	<u>3,850</u>	<u>1,350</u>	<u>5,950</u>

It was anticipated that £1m could be saved on medical staffing in year 2020/2021 and £500,000 in 2021/2022, although there were currently no plans in place in to deliver the

unidentified savings of £2.2m. The Board was in a good position to break even in 2019/2020.

Members were advised that the Head of Transformational Change and Improvement had plans in place to deliver savings of £250k within travel and £500k with regard to the Grampian Service Level Agreement.

The Chief Executive added that the response for the recently advertised vacancies for the positions of Consultant Surgeon, Anaesthetist and Physician had been very positive. It was felt that the invaluable input from start to finish from the Medical Director, the use of a high quality advert, along with the imminent opening of the new hospital had increased interest to the posts.

Members were informed that unidentified savings were anticipated to be made throughout the Primary Care services, review of hospital medical staff and off island mental health support. J Stockan added that the reduction of staff sickness levels would contribute positively to the projected savings. The Chief Executive advised it would make a small saving but would have a bigger effect on staff morale and delivery.

The Interim Director of Finance advised members that the Board hoped to be in a position to report a break even scenario to the Scottish Government after the three year period. He stressed that a change of mindset was paramount throughout the Board to assist in reaching targets. It was suggested that ground level staff may be aware of further saving improvements.

Members were informed of the increased costs associated with the new hospital. Costs would be implemented later than 1 April 2019 allowing time for plans to be put in place to deliver a balanced position. Double running and migration costs were estimated to be in the region of £1.271m.

The Interim Director of Finance advised that no additional cost pressures would be funded in 2019/2020. Given the constraints of the overall funding envelope, there was no capacity to fund existing cost pressures of £1.186m. If the Board were to fund any additional cost pressures then it would require a corresponding increase in the savings target. Should funding become available during 2019/20 the Board would reconsider the options available to meet some of these costs. Accordingly, existing pressures were expected to be managed at a local level.

The wider financial challenge must be addressed through transformational change across the whole system which would involve a continuing change in mindset and emphasis on the need to balance financial performance with all other operational performance targets and priorities. The draft Annual Operational Plan would capture the full detail of service plans and financial priorities. A draft of the Annual Operational Plan was required for submission to the Scottish Government by the end of March 2019. Given the timing of the receipt of the Annual Operational Plan guidance (25 February), the dates of Governance Committees and the NHS Orkney Board meeting, the initial draft submission would be heavily caveated, given that there was insufficient scope for detailed scrutiny by the Board prior to submission. The Annual Operational Plan would be further developed and refined for formal consideration through the Board's governance processes thereafter. The financial plan, as set out in the report, and the budget setting proposal flowing from the plan would, however, be considered by the NHS Board at the end of 25 April 2019.

Both the Chair and M McEwen queried the large increase from the original business case of the Interim Director of Finance confirmed that this was due to utility, rate costs and other agreed Board costs. The original rates included within the plan were based on those of the old Balfour Hospital. The original business case was first drafted in 2010.

The Chief Executive noted that the original costs were underestimated and the new figures were based on the maximum estimated costs. Until the move there would be some uncertainty around the running costs and what impact, if any, the single room set up would cost.

The Interim Director of Finance concluded the presentation and thanked The Head of Finance and K Low for their contributions to the plan.

Decision/Conclusion

Members approved the draft for submission to the Scottish government.

Financial Management and Control 2018/19

875 Financial Management Performance Report for period 28 February 2019 – FPC1819-47

The Head of Finance delivered the Financial Management Performance report to the Committee. The key items illustrated to members were:

- The current medical staffing pressures had been discussed with the Scottish Government and since, £1.8m had been received to assist with those. Members were informed that hospital medical staffing no longer appeared within the spending pressures table as this additional funding created a break even result.
- The spending pressure table highlighted a continued high level of expenditure related to the service level agreement for mental health services. Members were advised that the increase this year was due to the change in cost for bed days and increased costs for psychiatry cover.
- Patient travel had increased by 318 passengers travelling compared to the similar period last year; however the percentage of escorts remained at 34%. Work was ongoing identifying attend anywhere, to reduce the numbers of passengers travelling. Radiology was overspent by £100,000 with a forecast outturn of £112,000 due to use of 3 locums to cover vacancies in ultrasound and CT and ensuring the on-call rota was maintained in addition to the waiting times. One locum finished in February; however, another is due to maternity leave from April.
- Acute receiving and the Acute ward were over spent as a result of high sickness levels and maternity cover. The current over spend position within wards and theatre is £157,000.

The Head of Finance informed members of the cost centres which had an under spend greater than £100,000. This included Pharmacy at £133,000 due to vacancies and the Grampian Acute SLA of £316,000 due to activities being less than budgeted at £5.1m. He advised that this may not continue as NHS Orkney would be required to actively manage the SLA. J Stockan queried if the extra funding requested by the Head of Transformational Change and Improvement would support the SLA. The Head of Transformation Change and Improvement confirmed that it would not.

The Head of Finance drew member's attention to the summary table detailing pressures

within service areas.

J Stockan queried the funds detailed as 'not yet allocated'. The Head of Finance advised that this was funding received from the Scottish Government which we had not yet allocated. It was confirmed that the IJB had received their full allocation.

Members noted the OHAC savings target of £1.060m. with a split of £0.342m non recurrent and £0.718m recurrent. £0.619m (58%) of non recurring savings have been achieved and removed up to month 11. This was achieved due to vacant positions. The Employee Director queried if the positions were due to be recruited to or being removed. It was confirmed that the positions were due to be filled.

The Head of Finance concluded that the Board was forecasting a break even position.

J Stockan commended those involved in the negotiation of funding from the Scottish Government to cover the increased cost pressures resulting from locum hire.

The Employee Director queried if the areas with high levels of sickness absence were those with vacant positions. Sickness absence was highlighted as a concern within the Annual Review feedback. C Evans suggested escalating to the Area Partnership Forum for further investigation.

Decisions/Conclusion

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

Governance

876 Terms of Reference

The Committee approved the updated Terms of Reference.

877 Programme of Business / Workplan

The Committee approved the updated Programme of Business / Workplan.

878 Committee Risks, Controls and Assurance Framework

The Committee approved the updated Committee Risks, Controls and Assurance Framework.

879 Issues raised from Governance Committees / Cross Committee Assurance

No issues had been raised.

880 Agree key items to be brought to Board or other Governance Committees attention

Board

- Approval of submission of the draft Operational Plan to the Scottish Government
- Approval of submission of the draft Financial Plan to the Scottish Government
- Financial Management Performance Report for period ended 20 February 2019

881 **Any Other Competent Business**

There was no other business raised for discussion.

882 **Items for information and noting only**

There were no items for information or noting.

883 **Schedule of Meetings 2019/20**

Members noted the schedule of meetings.

884 **Record of attendance**

Members noted the record of attendance.

885 **Committee Evaluation**

The Chair concluded that the diluted agenda had allowed members to focus and create good discussion on the three main topics.

M McEwen thanked those who had provided reports at short notice.

The Chief Executive felt the meeting flowed well, and that the amendments approved within the Workplan will ensure that items were dealt with in good time.

The meeting closed at 1107