

## **Orkney NHS Board**

Minute of meeting of **Finance and Performance Committee of Orkney NHS Board** held in the **Brodgar Room, The Balfour, Kirkwall** on **Thursday, 20 February 2020** at **09:30**

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

**In Attendance:** Christina Bichan, Chief Quality Officer  
Julie Colquhoun, Head of Corporate Services  
Malcolm Colquhoun, Head of Support Services, Logistics and Contracts Management  
David Drever, Interim Board Chair  
Maureen Firth, Head of Primary Care  
Kenny Low, Value and Sustainability lead  
Pat Robinson, Chief Finance Officer  
Christy Roy, Committee Support (minute taker)  
Keren Somerville, Head of Finance

### **742 Apologies**

Apologies were noted from Sally Shaw and Marthinus Roos.

Members of the Area Partnership Forum and Area Clinical Forum were also invited to attend this meeting due to the Annual Operational Plan being discussed.

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

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

### **744 Minutes of Meeting held on 30 January 2020**

The minute of the meeting held on 30 January 2020 was accepted as an accurate record of the meeting and was approved, subject to the following amendments:

- 709, Page 3 -“loser” should read “closer”

### **745 Matters Arising**

#### 709 – Annual Operational Plan Update

The Interim Board Chair advised that he had met with the Minister for Mental Health who had queried our lack of figures within our initial submission. The Chief Quality Officer advised that an administrator for the Community Mental Health Team had been working within the Health Intelligence Team to collate the data, allowing for a first draft to be complete by the end of February 2020.

### **746 Action Log**

The action log was reviewed and updated as required.

747 **Annual Operational Plan 2020/21**  
**Update Operational Plan – FPC1920-52**

The Chief Quality Officer delivered the Annual Operational Plan update, advising that the second draft would be submitted to the Scottish Government that afternoon.

The Chief Quality Officer reassured members that the overall content and intention of the plan hadn't changed from the original draft, however all previous feedback had been taken into account and amendments had been made, including further defining milestones within key areas and outlining areas of commitment. The Chief Quality Officer suggested that many issues raised within the feedback had been with regards to missing sections of the plan, which had in fact been submitted to other departments within the Scottish Government. She would raise this with the Scottish Government in the future.

The Chief Quality Officer advised that the second draft would be circulated after it had been submitted. Once further feedback had been received from the Scottish Government, the final submission would be drafted.

The Chief Executive advised that the Board had a significant financial challenge ahead of it, with some areas identified with potential for savings and others where service improvement was required, with mental health provisions being a good example of the latter. He advised that the Cabinet Secretary had taken a very keen interest in mental health and waiting times, meaning that significant funding and attention would be needed to deliver these priorities as a minimum.

Members noted that a significant increase in waiting times for Ophthalmology had been due to the loss of a visiting consultant in the service. The Chief Executive and Interim Board Chair had previously met at Parliament and had impressed upon them the significant impact a lack of substantive consultants had had on the Board.

M McEwen raised concerns regarding the conflict of the need to spend to deliver and the need to save to bring back financial balance. The Chief Quality Officer advised that there were areas where a cultural change was needed, rather than an increase in funding, as well as others where we cannot recruit to the posts which are needed to do the work and increased spending wouldn't alter this.

J Stockan queried whether the Cabinet Secretary's demands were achievable nationally as perhaps if we are unable to meet all targets, other boards might be the same.

The Chief Quality Officer advised that there was a huge amount of capacity through Golden Jubilee and elective care, advising that the position at the end of the 3 year period was likely to be very different. She advised that performance was currently quite good, however it was not where we had planned to be.

The Chief Quality Officer advised members that the final draft of the submission was expected to be signed off by the end of March 2020, depending when it could be sighted through committees. The Chief Executive advised that the final version should go to the April 2020 Board meeting to be signed off if it is ready.

**Decision/Conclusion**

The Committee noted the update which would be submitted later that day.

#### 748 **Draft Financial Plan – FPC1920-53**

The Interim Director of Finance delivered the update on the Draft Financial Plan for 2020/21 - 2022/23. Key points discussed were:

- 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 1% of Boards' core revenue resource funding.
- Where NHS Orkney cannot deliver a breakeven position over three years it would remain escalated as part of the NHS Board Performance Escalation Framework.
- The current draft of the plan, which was based on a 3% inflationary uplift, details a total recurring deficit over the three years was £2.467m; this represents the current savings requirement of the Board for this period. In addition to this there are non-recurring pressures over the three years totalling £3.392m, mainly in respect of additional locum cover within Medical Staffing and commissioned Mental Health services. Total savings of £5.232m would be required over this three year period.
- A detailed recovery plan had been prepared by the Medical Director and Director of Nursing in conjunction with the Interim Director of Finance; this would be presented to the Board in February for ratification and delivery.
- A 1.5% budget saving would be applied across each directorate.
- Recruitment spend would be closely monitored and all spend on non clinical roles which did not have funding allocated for them would be rejected.
- The predicted 3% uplift might need to be revised in line with the Scottish budget in future.

The Interim Director of Finance stressed the importance of providing significant savings over the next 3 years, advising that if this was not done then the board was predicted to be £11m overspent in 3 years time.

M McEwen raised concerns that the Board might struggle to provide significant savings in the next 3 years when no recurring savings had been made through 2019/20 against a small savings target. The Chief Executive advised that whilst there had been no savings made, the potential was there. If savings options are taken to the Board to consider, then if suitable they would be approved and action taken to provide considerable savings in future.

The Interim Director of Finance advised that the Scottish Government had appointed two Value and Sustainability leads, whom he had been in touch with and advised that it would be helpful if they could come on island to give advice and discuss best practice.

Members were reminded that the capital to revenue transfer this year was a one off and that the Board was only able to do this due to reduced capital spend now that all new equipment had been purchased for the new build. The Head of Support Services, Logistics and Contracts Management also reminded members of backlog maintenance which was needed for some properties throughout the isles which would need to be factored in to the plans over the next 3 years.

The Interim Board Chair advised that whilst he agreed that in order for significant savings to be made there needs to be a full buy-in throughout the whole organisation, there would also be a challenge to avoid disheartening staff when proposing cost cutting opportunities. He felt that this was another reason to ensure clinical leadership was heavily involved to maintain confidence in staff.

J Stockan queried whether budgets would be increasing with inflation, alongside the 1.5% savings target for each directorate. The Interim Director of Finance advised that there would be inflationary uplifts, with the 1.5% savings target applied. Members agreed that budget holders need to be held continuously accountable for spend and budget management. M McEwen suggested that the budget holders should be supported and educated to improve understanding of their budgets.

Members were reassured that, whilst our location and new hospital do present different financial issues, we aren't alone and many other Boards are under pressure to provide savings.

J Stockan suggested that staff need to be reminded that the way we currently work was not sustainable; the Board cannot keep going without a significant change. He suggested that the public would need to be informed that savings would be made, however this should be done with tact to prevent any adverse reactions from the community.

*J Stockan left the meeting at 10.15am*

The Head of Primary Care raised concerns regarding the difficulty of planning and undertaking significant change to achieve savings in such a short period of time. The Interim Director of Finance agreed that it would not be an easy challenge; however the Board needs to demonstrate to the Scottish Government that plans are in place over the next 3 years to deliver a break even position. The Chief Executive further stated that the plans need to begin in 2020/21 with significant changes possibly only beginning in 2021/22. He also suggested that if consultation was needed to plan changes, this should be progressed as quickly as possible.

The Interim Director of Finance advised that once the potential savings opportunities had been presented to the Board, these would be taken to the Scottish Government to ensure they were happy for them to go ahead. He believed that if a savings idea with clinical backing was taken to the Board, then it was unlikely that they would reject it without a very good reason.

The Head of Support Services, Logistics and Contracts Management updated members that he and his team were in contact with Robertson's regarding the return of funds relating to the faults in the heating system.

### **Decision/Conclusion**

The Committee approved the draft financial plan to be taken forward to the Board and then submitted to the Scottish Government.

### **Performance Management**

The Chief Quality Officer presented the Performance Report which provided an update on performance with regards to the Local Delivery Plan standards. The key points highlighted included:

- Performance with the Emergency Department continues to be good, though there had been a few breaches. Upon investigation, these had correlated with delayed discharges, suggesting that these had had a knock on effect.
- Psychology and a CAMHS locum had meant increased access to Mental Health Services. In future, the data set should be improved for this service allowing for a better view of performance.
- Improvements had been seen within trauma and orthopaedics, with patients being seen within 12 weeks. An increase in access to Golden Jubilee had helped with this, though there were still delays in the system.
- Physiotherapy capacity was being worked on with the team, meaning there should be a notable difference in future.

Members noted that the Attend Anywhere provisions had made a significant impact on performance already. It was highlighted that there was still the need for more consultants in NHS Grampian to be willing to run these clinics in order to increase the scope of their provision.

The Value and Sustainability Lead advised that additional funding would be used to equip practices in the isles, allowing for further virtual clinics to be held and thus eliminating the need for both travel to NHS Grampian and from the outer isles. He advised that it was a slow process, as a big culture shift was required to begin working this way; however the Chief Quality Officer advised that there had been a real commitment to it so far. She further advised that clinical leadership and commitment was needed to further progress with the programme.

Members were assured that the Attend Anywhere service could be built into the NHS Grampian SLA in future, once the service was fully in place.

The Chief Executive queried what the Board was doing to support each area locally, for instance the risk of confidentiality breaches by having VC provisions in isles surgeries. The Head of Corporate Services advised that office 365 would allow for more security on isles; however the software and infrastructure would need to be in place. The Value and Sustainability Lead advised that the GP Sub Committee had been consulted and they had approved the kit being sent out to isles GP surgeries. He had also been to Sanday to test the kit and met with community members to train them and allow them to be able to make use of the provisions. He advised that the infrastructure and software was to be put in place alongside the Windows 10 roll out, to minimise disruption. He thought that the roll out should be complete within the next few weeks.

Members agreed that once the kit was in place then it would need to be promoted to clinicians as an alternative option. The Chief Executive advised that it might be beneficial to consider using community centres and schools to ensure the GP surgery was not a limiting factor in the use.

The Chief Quality Officer advised that having the option for virtual clinics empowers patients to make the decision on how they would like to be seen. She advised that a protocol was being developed to allow a patient to ask why they had to be sent away for an appointment, and to look for an alternative way to be seen if it was clinically

appropriate. M McEwen suggested that tracking which types of clinics are asked for from this protocol could allow us to go back to consultant's and ask them to deliver clinics in a different way in future.

### **Decision/Conclusion**

Members noted the Performance Report.

### **Financial Management and Control**

#### **750 Financial Management Performance Report for period ended January 2020 – FPC1920-55**

The Interim Director of Finance delivered the Financial Management Performance report to the Committee. Highlighting the following key items:

- The revenue position for the 10 months to 31 January reflects an overspend of £0.295m, which was a favourable movement of £0.064m on the overspend position reported to the end of December of £0.359m.
- This comprises of overspends of £0.280m attributable to the Health Board and £0.015m to the services commissioned by the Integration Joint Board.
- At the end of January, the Board continues to forecast breakeven position. However, to the end of month 10 the reduction in spend had not kept pace with expectations. ***Therefore, it was necessary to highlight that breakeven would only be possible if there was significant acceleration in spend reduction. If this fails to materialise, the Board was likely to be overspent in the region of £200k-£400k.***

The Interim Director of Finance reminded members that a significant amount of work would be needed to breakeven by the end of the year.

The Chief Executive praised that the overspend was reducing, however he agreed that more work was required to continue this to breakeven by the end of the year.

The Chief Quality Officer advised that plans had been in place to improve performance against the treatment times guarantee prior to the year end, however these plans had been pushed back in order to ease the financial burden.

The Chief Executive enquired if the worst case scenario of £200-400k overspent included a potential recharge from NHS Grampian for the lack of Mental Health provision. The Interim Director of Finance advised that this had somewhat been built in but not entirely, so there was some mitigation to bring back the overspend.

*J Stockan rejoined the meeting at 11am*

### **Decisions/Conclusion**

The Committee noted the update and were assured of progress.

#### **751 Disposal of the Old Balfour Hospital – FPC1920-56**

The Interim Director of Finance delivered the report on the disposal of the Old Balfour Hospital, advising that he was in discussions with Gerald Eve, the Central Legal Office and the Orkney Islands Council regarding a potential sale. Darren

Richardson, on behalf of Orkney Island Council, had expressed an interest in the site. The Interim Director of Finance advised that a complete purchase of the site by Orkney Islands Council was the Board's preferred option.

The Orkney Islands Council had been in discussion with the Scottish Government about the possibility of receiving infrastructure support allied to housing pressures; however the feedback on this had not been as positive as hoped.

The Orkney Islands Council are hoping to have the final valuation by the end of February 2020 and be in a better position to make an informed decision in early March 2020. They had advised that if they were to go ahead they would be hoping to conclude the purchase by the end of March 2020.

The Chief Executive advised that if the sale goes ahead before the end of this financial year, the capital taken from it might cause a problem with the Scottish Government. The Interim Director of Finance advised that he would contact the Scottish government as soon as he heard that the sale could go ahead.

C Evans raised concerns re the depreciation of the site whilst the building was empty, however the Interim Director of Finance advised that the building had been written off, and the land wouldn't depreciate. The Chief Executive had advised that whilst the site was still on our books, the Board had a responsibility to maintain it for health and safety.

J Stockan reminded members that there were issues surrounding other water connections being put in place due to the sites positioning. He wondered if this could be used to highlight the benefit of the sale. The Interim Director of Finance advised that he would pick this up with the Scottish Government and Orkney Islands Council.

### **Decisions/Conclusion**

Members noted the update and awaited a potential update at the next meeting.

## **752 Build costs of the Balfour Hospital and Healthcare Facility, migration costs and property disposals – FPC1920-57**

The Interim Director of Finance delivered the report on the build costs of the Balfour Hospital and Healthcare Facility. He advised that this report had gone to the Transformation Implementation Project Board. He advised that the costs of the Balfour Hospital and Healthcare Facility had increased by £0.796m from the initial estimate of £77.43m in November 2016 to a projected outturn £78.226m.

Whilst this was a slight overspend, the Interim Director of Finance suggested that it was a good position, especially with the capital money which had been handed back to the Scottish Government. He also noted that the migration costs had been estimated at £1.3m; however the actual cost had been £600k. The report also touched upon the disposal of the old Balfour site, which had been discussed earlier in the meeting.

J Stockan praised the work done by staff to manage the costs on the project.

### **Decisions/Conclusion**

Members noted the report.

## **Governance**

### **753 Review of Terms of Reference – FPC1920-58**

The Chair advised that he, The interim Director of Finance, Head of Corporate Services, Corporate Services Manager and Committee Support had met to discuss all updates to the terms of reference, risk assurance and controls framework and business cycle. He presented the updated Terms of Reference advising that some small changes had been made which were noted on the report.

The Chair advised that the Board reports its financial figures to the IJB meetings, meaning there was no need for IJB updates at every meeting of the committee

Members were reminded of the importance for them to attend these meetings.

#### **Decisions/Conclusion**

Members reviewed and agreed the update.

### **754 Review of the Risks, Controls and Assurance Framework to identify new objectives and risks and gaps in controls and assurances – FPC1920-59**

The Chair presented the updated Risks, Controls and Assurance Framework advising that some small changes had been made which were noted on the report.

#### **Decisions/Conclusion**

Members reviewed and agreed the update.

### **755 Review the business cycle – FPC1920-60**

The Chair presented the updated business cycle advising that some small changes had been made which were noted on the report.

The Chief Executive advised that the Standing Financial Instructions should be removed from the business cycle as these are governed by the Audit Committee.

#### **Decisions/Conclusion**

Members reviewed and agreed the update with the agreed amendment.

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

No issues had been raised.

### **757 Agree key items to be brought to Board or other Governance Committees attention**

#### **Board**

- Financial position



758     **Any Other Competent Business**

There was no other business raised for discussion.

**Items for information and noting only**

759     **Schedule of Meetings 2019/20 and 2020/21**

Members noted the schedule of meetings.

760     **Record of attendance**

Members noted the record of attendance.

761     **Committee Evaluation**

The Chair praised the level of scrutiny of the Annual Operational Plans and the positive update regarding the financial position.

*The meeting closed at 11.14*