

Orkney NHS Board

Minute of meeting of **Finance and Performance Committee** of **Orkney NHS Board** held on **Thursday, 24 November 2022 at 9:30 via MS Teams**

Present: Des Creasey, Non-Executive Director (Vice Chair)
Michael Dickson, Interim Chief Executive
Mark Doyle, Director of Finance
Steven Heddle, Non-Executive Director
Steven Johnston, Non-Executive Director

In Attendance: Louise Anderson, Waiting Times Coordinator (Item F62)
Malcolm Colquhoun, Head of Estates and Facilities (Items F65 and F66)
Ian Johnson, Resilience Officer (Items F63 and F64)
Carrie Somerville, Programme Manager FSO (Items F62 and F68)
Keren Somerville, Head of Finance
Emma West, Corporate Services Manager (Items F60 & F61)
Harmony Bourn, Committee Support

F55 Apologies

Apologies were noted from D Campbell, M Henry, M Moore, and S Brown.

F56 Declarations of Interests - agenda items

No declarations of interest were raised regarding agenda items.

F57 Minutes of the Meeting held on 22 September 2022

The Minute of the meeting held on 22 September 2022 were accepted as an accurate record of the meeting and approved.

F58 Matters Arising

No matters arising were raised that were not already covered on the agenda.

F59 Action Log

There were no actions for review on the action log.

Governance

F60 Finance and Performance Committee Terms of Reference – FPC2223-28

The Corporate Services Manager presented the paper seeking approval of the amended Terms of Reference for the Finance and Performance Committee for 2022/23.

Members were advised that a development session had been held on 20 October 2022 to review the document. The main amendments included updates to job titles, clarification on deputy arrangements, and strengthening of cross-committee assurance mechanisms.

Decision/Conclusion

The Committee approved the updated Finance and Performance Committee Terms of Reference 2023/24.

F61 Finance and Performance Committee Business Cycle and Workplan – FPC2223-29

The Corporate Services Manager presented the paper seeking approval of the amended Finance and Performance Committee Business Cycle and Workplan for 2022/23. The amendments included:

- Modifications to reflect current practice around longer-term financial planning
- Inclusion of reporting around the Digital Strategy
- The addition of regular reporting on the work of the Financial Sustainability Office
- Strengthening links with the Integration Joint Board Audit and Risk Committee by regular review of approved minutes
- The addition of a Chairs report from the Sustainability Steering Group

Further discussion was required around the cross-committee assurance of the financial aspects of the workforce report, and this would be built into regular reporting as appropriate.

Decision/Conclusion

The Committee approved the Finance and Performance Committee Business Cycle and Workplan 2023/24.

Performance Management

F62 Performance Report – FPC2223-30

The Planning, Performance, and Risk Manager and the Waiting Times Coordinator presented the paper for noting advising of the intention to undertake a full overview of the document, identifying areas of untimely returns, and providing further assurance where there were gaps in data. This review would also look to reflect past and future performance trends as requested by members.

It was noted that there was no current update on the Children's and Adolescent Mental Health Services as the data was incomplete. The Interim Chief Executive agreed to review this as the accountable officer to mitigate any further risks and delays.

Following a query from S Heddle about whether barium swallows were conducted in Orkney, the Waiting Times Coordinator agreed to verify and report back to the next committee meeting.

The Waiting Times Coordinator reiterated the targets set by the Cabinet Secretary in July 2022 to eliminate long waits. The longest patient waiting over 104 weeks had been removed from the Golden Jubilee waiting list and there were no other

reported waits over 104 weeks. Patients requiring treatment by the December 2022 and September 2023 targets were in Dentistry and visiting Grampian services.

Decision/Conclusion

Members noted the update provided and welcomed the review of reporting going forward.

F63 Integrated Emergency Planning Update – FPC2223-31

The Resilience Officer presented the paper and highlighted the key points from the report:

Winter Planning:

- The Winter Planning Programme was progressing through joint working between the Board, associated Health and Social Care Partnerships, and other key partners.

Industrial Action:

- Joint planning meetings were taking place within NHS Orkney and NHS Shetland regarding the risk of National Industrial Action.
- Forthcoming action from Scottish Ambulance Service (SAS) was expected on 25 and 28 November 2022, although there was uncertainty around the number of staff this would affect. An update was expected at the next national meeting.
- There was a requirement to provide a daily sit rep to the Scottish Government DG Health and Social Care Meeting.

National Power Outages:

- The National Assessment for power outages was high, although the local risk for Orkney was low given that Orkney produces power that is exported to the National Grid.
- An NHS Orkney Subgroup had been established and the Resilience Officer continues to attend the Oleg Group and multiple groups held by the Scottish and Southern Electricity Network.

Decision/Conclusion

The Committee noted the update provided.

F64 NHS Orkney's Resilience Planning Group Chair's report and minutes held on 31 August 2022 – FPC2223-32

The Resilience Officer presented the paper and highlighted the key points from the report:

- Currently 80% of NHS Orkney's Business Continuity Plans had been reviewed, with plans to complete the remaining reviews by the end of December.

- The Chemical Biological Radiological and Nuclear (CBRN) Decontamination Unit and Plan could not be initiated due to a lack of trained personnel to carry out decontamination procedures. Two staff had volunteered along with a trained staff member, however, a minimum of six staff were required to operate the unit. Currently, the CBRN Decontamination Unit is reliant on SAS and a team from the mainland.
- The Major Incident Plan was in draft form and required sign-off by appropriate staff members. A Sub-group had been established to test aspects of the plan.
- A decision was required to either keep the NHS Emergency Trailer and review the equipment carried or to dispose of it due to the availability of necessary equipment carried out by other agencies. Discussions were ongoing around the decision.

Decision/Conclusion

The Committee noted the update provided.

The Resilience Officer agreed to readvertise the vacancy for volunteers, and committee members agreed to engage with teams to encourage staff to volunteer.

F65 Energy Consumption Report – FPC2223-33

The Head of Estates and Facilities presented the paper highlighting that although NHS Orkney continued to reduce the size of the estate and the consumption of energy, the cost of energy had increased and was anticipated to continue to increase by up to 40% by early 2023.

The Director of Finance highlighted several assumptions raised at a recent Corporate Finance Network Meeting which included the increasing energy costs which would be factored into the Three-Year Plan going forward.

In response to a query from S Johnston about reduced energy consumption across the estate out with the Balfour, the Head of Estates and Facilities clarified that the rest of the estate ran off electricity and kerosene and this was being addressed.

S Johnston suggested raising awareness among staff around energy savings or identifying potential energy wastage. The Planning, Performance, and Risk Manager agreed to engage with the FSO to include a message in the FSO Communication Plan.

Decision/Conclusion

The Committee noted the update provided.

F66 Scottish Government Grant - FPC2223-34

The Head of Estates and Facilities presented the paper and commended all staff involved in the programme of work which sought investment in public sector energy efficiency and decarbonisation improvements. The application submitted by NHS Orkney to the Scottish Government had been successful and the Board had been awarded £3,986,750.

The funding would be utilised to remove fossil-fuel-driven heating systems from buildings out with the Balfour and replace them with renewable energy by installing backup wind turbines and solar panels. The programme committed to reinsulating all buildings, removing carbon, and making financial efficiencies.

S Johnston praised staff involved in the programme and highlighted the potential benefits entailed including decarbonisation, financial efficiencies, and NHS Orkney becoming a leader of clean energy in the community. The Director of Finance clarified that any original capital funding allocated to estate maintenance would be reviewed and reallocated.

Decision / Conclusion

The Committee commended the Head of Estates and Facilities and all staff involved in the programme and suggested that the Board share the good news story with the local press.

Financial Management and Control

F67 Financial Performance Report – FPC2223-35

The Director of Finance provided the financial position for 1 April 2022 to 31 October 2022, reflecting an overspend of £2.316m and a forecast outturn of £3.856m at year-end which had been reported to the Scottish Government. The forecasted outturn was anticipated to reduce through work carried out by the FSO.

The year-end position assumed non-delivery of £1.5m of the anticipated £4.9m of recurring and non-recurring savings. The £3.856m overspend assumed no further savings targets and assumed a break-even position on the operational budgets. The FSO continued to work closely with IJB colleagues to identify if any of the savings' targets of £750k could be released in 2022/23, including an ongoing review of the reserves. It was noted that inflation continued to cause significant challenges and discussions were underway with other Health Boards to monitor SLA activity and the impact of Covid on these costs. It was noted that prescribing costs could fluctuate significantly and remained under review, and it was assumed that Covid costs would be contained within the available budget.

Achieving savings of £3.4m of the £7.319m savings target was anticipated. The main areas of overspend were Pharmacy and drugs, Estates and Facilities, and Hospital Services, particularly agency spend. The Board was on target to deliver against its Capital Resource Limit and a paper would be taken to the Board providing an update on plans for King Street development.

The Director of Finance summarised an in-year overspend of £2.316m, with £0.917m attributable to Health Board budgets and £1.399m attributable to the Integrated Joint Board. It was highlighted that the Scottish Government had intended to review unutilised IJB reserves, and discussions were underway with the Chief Officer to release the reserves and reduce overspend. It was clarified that IJB reserves could be reallocated, and conversations were underway between the FSO and the Chief Officer.

Decision/Conclusion

Members reviewed the report, noted the current financial position, predicted outturn and assumptions at year-end, and the potential non-delivery of savings target.

F68 Financial Recovery Plan Update - FPC2223-36

The Director of Finance presented the report providing an update on the actions taken by the Financial Sustainability Office (FSO) to support the delivery of the financial recovery plan during 2022/23 and beyond.

The Financial Recovery Plan had identified potential savings schemes of £4.9m for 2022/23. At month 7, efficiencies and achieved savings of £2m had been recognised; of this, £661k was recurring and £1.340m was non-recurring. In addition, further savings of £314k recurring and £1,148k non-recurring had been identified and were being tracked for achievement throughout 2022/23.

S Heddle queried whether the Executive Sponsors could provide a narrative around underachieved savings. The Planning, Performance, and Risk Manager highlighted that the FSO Programme Board had been established as a reporting route to discuss operational challenges and financial targets. The Project Manager had enabled several controls and gained an understanding of activity going through the Medical Staffing Office which would help toward targeting the locum spend savings.

Decision/Conclusion

Members noted the update provided and took assurance around progress and further work required.

F69 Three-Year Financial Review Timescales – FPC2223-37

The Director of Finance presented the paper and highlighted a letter received from the Scottish Government regarding expectations for the Three-Year Plan. The expectation remained that Boards deliver the position set out in the March 2022/23 financial plan as a minimum. The Scottish Government would return to the Escalation Framework and review the financial position of Boards. The Scottish Government would also revert to a three-year planning cycle and return to a position where Boards could overspend by 1% of their revenue resource funding.

A paper would be presented to the In-Committee meeting of the Board on 15 December 2022 which would propose building in inflation rates, increasing energy costs, and pay rate increases into the Three-Year Financial Plan. It was anticipated that the Scottish Government would announce its budget on 15 December 2022 and a further plan reflecting the budget would be presented to the Board thereafter.

It was highlighted that a national approach to PPE Test and Protect would be funded in 2023/24 and beyond through recurring funding although any additional Covid costs would need to be met from the Core Revenue Resource Limits. The Scottish Government expected Boards to create a local governance arrangement to reflect the sustainability and value collaboration and this would be achieved locally through the FSO.

The Director of Finance remained in close discussions with the Scottish Government around the financial position and a plan would be submitted in the New Year.

Decision/Conclusion

Members noted the update provided and took assurance around progress and timescales.

Workforce

F70 Workforce Update

The Vice-Chair provided an update and noted the process had commenced. The Vice-Chair had engaged with the Staff Governance Committee and the Interim Director of Human Resources, and a further update would be provided to the Finance and Performance Committee in due course.

Decision/Conclusion

Members noted the update provided and welcomed a paper to the next meeting of the Committee.

Risk

F71 Finance and Performance Corporate Risk Register for Review – FPC2223-38

The Director of Finance presented the Finance Corporate Risk Register and highlighted the risks around the three financial targets: Revenue Resource Limit, Capital Resource Limit, and Cash Target.

The Risk Register was updated in October 2022 which reflected the plans submitted to the Scottish Government in September 2022. The Director of Finance and the Head of Finance met with the Scottish Government to discuss the feedback provided and actions that had been taken forward internally and externally.

Conclusion/Decision

Members noted the update provided and took assurance around the actions taken to address the risks.

F72 Agree key items to be brought to the Board or other Governance Committees' attention

- Three-Year Financial Plan
- The Scottish Government Grant provided to decarbonise NHS Orkney's Estate

F73 Any Other Competent Business

No other competent business was raised.

Items for information and noting only

F74 Schedule of Meetings

Members noted the schedule of meetings for 2022/23

F75 Record of attendance

Members noted the record of attendance.