

Orkney NHS Board

Minute of meeting of **Finance and Performance Committee** of **Orkney NHS Board** held on
Thursday, 27 July 2023 at 9:30 via MS Teams

Present:

Des Creasey, Non-Executive Board Member (Chair)
Steven Heddle, Non-Executive Board Member (Vice Chair)
Mark Doyle, Director of Finance
Meghan McEwen, Board Chair
Steven Johnston, Non-Executive Board Member
Laura Skaife-Knight, Chief Executive

In Attendance:

Freddie Pretorius, Committee Support
Carrie Somerville, Planning, Performance and Risk Manager
Keren Somerville, Head of Finance (Deputy)
Sam Thomas, Director of Nursing

F17 Apologies

Apologies were noted from Keren Somerville, Mark Henry.

F18 Declarations of Interests - Agenda Items

No declarations of interest were raised regarding agenda items.

F19 Minute of the Meeting held on 25 May 2023

The Minute of the meeting held on 25 May 2023 were accepted as accurate records of the meeting and approved.

F20 Matters Arising

SLA Reviews

SLA reviews were underway, with the Medical Director overseeing clinical aspects and the CEO actively engaging with the Grampian CEO for collaboration. Concurrently, the CEO is leading Non-Clinical SLA discussions through working groups whilst the Medical Director will lead on the Clinical SLA's. To ensure efficient progress, the Medical Director and CEO will establish a clear timeline for completion. Subsequently, the SLT will scrutinise the output before it undergoes review within the Finance & Performance Committee.

Monitoring of bank and Overtime Reporting

An erroneous monitoring form, mandating executive-level approval for all disciplines, had been distributed and was in use as the team prepared for their initial government report submission. To assist in reducing the use of agency staff when unnecessary, the Director of Nursing was receiving monthly updates through the medical staffing team.

F21 Action Log

There were no actions for review on the action log.

Governance

F22

Annual Delivery Plan & Medium-Term Plan - FPC2223-22

The Planning, Performance and Risk Manager presented an annual and midterm delivery plan in a report that highlighted the following areas:

The Draft Annual Delivery Plan (ADP) was presented to the Board on June 7, 2023, and submitted to the Scottish Government on June 7. Feedback was received, and a meeting was held on June 28, 2023. The Finance and Performance Committee will receive quarterly updates on ADP2 and discuss the Medium-Term Plan before submission to NHS Orkney Board and Scottish Government.

The Medium-Term Plan has been reviewed and identified Executive Leads for each section, with a focus on improving access to primary and community care, urgent and unscheduled care, mental health, planned care, cancer care, health inequalities, innovation adoption, workforce, digital services and technology, climate emergency and environment, financial and sustainability, value-based health and care, integration and population need, and regional and national approaches.

The ADP has sixteen deliverables linked to quality and safety within NHS Orkney Strategic Priorities for 2023/24, while nine deliverables are linked to quality and safety. The Financial Recovery Plan was captured within the Sustainability deliverables, and risk management controls were in place to support delivery. The ADP also addresses health inequalities through effective performance management and climate change sustainability. The Board has engaged external stakeholders, including the Executive Management Team, Director of Human Resources, Nursing, Midwifery, Allied Health Professionals and Acute Services, Orkney Health and Social Care Partnership, Director of Finance, and Deputy Chief Operating Officer SG. The ADP was considered by various groups, with recommendations for Members to review the Annual Delivery Plan return and agree quarterly reporting against ADP2.

The Sustainability Champion emphasised the importance of sustainability, redirecting the focus in that direction.

Members expressed concern that the assessment table lacked sufficient detail on how to implement the proposed improvements. Additionally, they observed that the health inequalities presented did not align with the actual situation in Orkney.

On page 55 of the report, members felt that the engagement aspect needed better representation.

Page 62 of the report regarding CAHMS, revealed discrepancies in the staff numbers. It was noted that these numbers might be expressed as Whole Time Equivalent (WTE), whereas there were actually ten employees at present.

The CEO acknowledged knowledge of existing gaps and initiatives to address them. The Director of Public Health had been tasked with reviewing the document from local, public health, and equalities perspectives.

In section 9.1, there was a request for more services to improve patient access. Members noted that an enhanced approach should explicitly correlate with improved patient care.

The Planning Performance and Risk Manager extended an invitation to members for further discussions on the plan details or to seek additional assurance.

Conclusion/Decision

Members acknowledged the update, but concerns were raised about its feasibility due to the extensive workload proposed. The Planning Performance and Risk Manager, along with the Chief Officer of the Integrated Joint Board, assured that it had been assessed for deliverability.

Performance Management

F23 Performance Report – FPC2324-23

The Planning Performance and Risk Manager presented the report and highlighting:

Waiting Times

The Waiting Times Performance Dashboard highlights areas with sustained improvement, such as 18-Weeks Referral to Treatment, 31-day Cancer Standard, and Psychological Therapies, and those requiring enhanced focus. Service Leads' narrative was included for improved reporting.

Podiatry

MSKN service delivery faces challenges in addressing complex needs and small team size. The Personal Footcare Pathway was introduced in February 2023, aligning with national Eligibility Criteria for Podiatry.

National Elective Care Patient Communication

National Elective Care Patient Communication was launched in June 2023, reducing lost capacity due to Did Not Attend (DNA) and cancellations.

Improvement Plans

An improvement project was being set up in physiotherapy to improve leadership, culture, data, and service delivery.

Data Quality

Data quality issues were also being addressed, with a rapid assessment and external review led by Public Health Scotland starting in July 2023. The findings and recommendations will be shared with the Senior Leadership Team and the Board in August 2023. The terms of reference was agreed for the external review with the review beginning on 24 May 2023 that will take place over a period of 2-3 months. This will ensure that it is done properly. The process had started of detailing an emerging risk that will come through as a corporate risk. It was proposed that an interim update was in progress will come through the SLT and then the Board in August.

CAMHS Reporting

CAMHS reporting data was made accessible to the performance reporting team, with a focus on benchmarking against a national standard of 186.9. While The Board Chair praised the MSK data provided, there were concerns about its organisation, especially when it showed 100% for seeing just one patient. Members noted disparities between the narrative and graphs, raising reporting concerns. Additionally, there is a positive outlook regarding an SLA review with NHS Highland for ophthalmology, with plans for collaborative work and discussions with colleagues in Highland.

Reviewing of various work streams to determine their relevance to NHS Orkney was underway. Subsequently, a plan to share this information and incorporate it into the planning and performance processes was proposed.

On page 116, regarding dementia, it was mentioned that there would be an improvement plan. However, it was observed that the narrative provided during today's meeting did not adequately explain this plan.

The Medical Director was overseeing work related to fragile services, with expected updates in August. It was emphasised that these services should be considered in isolation. The Director of Finance was also leading certain initiatives.

Furthermore, the Planning Performance and Risk Manager was on the verge of evaluating noteworthy improvement and action plans, all of which will undergo a rigorous governance review.

A suggestion was made to leverage the Dementia Steering Group hosted by Age Scotland Orkney, which includes individuals with lived experiences such as carers and those with dementia. This group could serve as an exemplary model for best practices.

Decision/Conclusion

Members noted the update provided

F24 Finance Performance Report - FPC2324-24

The Head of Finance presented the report informing the committee of the financial position for the period 1 April 2022 to 30 June 2023.

The revenue position for the 3 months to 30 June 2023 reflects an overspend of £1.526m. We are currently forecasting an overspend outturn of £5.860m for 2023/24.

NHS Orkney's Board is aiming for £3.7m in recurring and non-recurring savings, as per the financial recovery plan. The forecast overspend of £5.860m assumes no further savings against identified targets. The IJB, in conjunction with NHS Orkney, is expected to deliver £0.465m of recurring savings in 2023/24. The Board is addressing inflation and adjusting its budgets to monitor SLA activity. Prescription costs are also under review, and the Board is reviewing spend patterns and refining plans.

The IJB has established a recurring savings target of £2.400 million, with an initial £0.465 million already realised from fully delegated budgets.

The Board has proposed a capital to revenue transfer of £250,000 and aims to adhere to its Capital Resource Limit. Close monitoring of the year-end financial position is ongoing, with special attention to the areas mentioned above to mitigate the overall IJB overspend.

There was an urgent request for £5.8 million in bridging finance, contingent upon achieving the £3.7 million savings target. The allocation of capital funds, as discussed at the last board meeting, remained a concern.

Concerns were raised regarding the effectiveness of current spending practices, notably in Locum and Bank expenses.

The Committee recognises the challenges in Q1 of month three and acknowledges that the current approach to financial management may not be optimal. There were ongoing discussions regarding schemes and cost savings.

Plans were underway to cost and prioritise these schemes with the expectation that a more accurate financial picture will emerge at the August meeting.

An establishment review was proposed as essential to address staffing gaps and assess productivity. A better grasp of finances and performance was imperative.

Committee members emphasised the need for transparency in financial discussions. The establishment of a robust improvement function within the organisation was recommended to address existing gaps.

Reference were made to an analysis dating to 2015 and the impact of NRAC funding. This historical context provides valuable insights into the financial situation.

Decision/Conclusion:

Members reviewed the report, acknowledged the current financial position, and observed that for the year ending on June 30, 2023, there was an underspend of £0.052m in the Revenue and Resource Limit (RRL). The Committee acknowledges the financial challenges faced, the importance of achieving savings targets, and the need for transparent reporting. It is evident that further measures, including an establishment review and an improvement function along with impact assessments, were essential to address the financial situation effectively.

F25 Financial Sustainability Office Report and 2023/24 Plan – FPC2324-25

NHS Orkney's financial recovery plan for 2023/24 aims to address a £6.8m funding gap and support colleagues in delivering against the plan. The Financial Sustainability Office (FSO) works closely with colleagues and Executive Leads to manage opportunities and progress new schemes. The plan focuses on stabilising the financial position and delivering £3.7m of savings schemes, including £1.5m of recurring savings and £2.2m of non-recurring savings. Control and reporting mechanisms are in place to monitor progress, including monthly Grip and Control Board meetings, Financial Sustainability Workstreams meetings, and reporting through the Finance and Performance Committee and Board. The Board is currently tracking £0.810m of recurring savings against the £1.526m target and £1.645m of non-recurring savings.

The Director of Finance and the Chair of the Area Clinical Forum (ACF) expressed concerns that the organisation might have conveyed urgency without substantial action in the past.

A suggestion was made to break down savings targets to specific individuals and to consider using a RAG (Red, Amber, Green) system to provide clearer visibility of progress. The Director of Finance assured the committee that RAG reporting will be implemented moving forward to enhance transparency and accountability.

Decision/Conclusion:

Members acknowledged the critical importance of addressing the £6.8 million funding gap in the 2023/24 financial recovery plan. The incorporation of robust control and reporting mechanisms, as well as the commitment to RAG reporting, are seen as vital steps in ensuring the successful execution of the plan.

Assurance

F26 Sustainability Steering Group - Chairs Report and Approved Action Note - FPC2223-26

Members received and reviewed the Chair's report and minutes.

- The Board Chair emphasised the importance of spreading awareness and engagement regarding sustainability initiatives.
- A suggestion was made in exploring traditional push bikes as an alternative to e-bikes for further sustainability measures.
- Anchor Institution Strategy:
- The Board Chair stressed the strategic significance of anchor institution work and mentioned that the CEO had designated Director of Public Health to lead the Anchor strategy. HR and Estates departments were expected to contribute as key stakeholders.
- The progress of estate decarbonisation was on track with a deadline of August 25th. A contractor engaged in September 2023.
- Concerns were raised as to whether NHS Orkney had considered the airmiles in the net zero calculations.

Decision/Conclusion

Members noted the updates and action notes provided during the meeting.

F27 New Balfour Hospital NPD Project Semi-Annual Operations Review - FPC2223-27

Moray Watt was noted as the independent contractor New Balfour Hospital NPD Project report focuses on key areas of concern and progress. The contract for this project was initially signed in 2017. Currently, the project still has equity with investors, but the bank's involvement has ceased, necessitating the replication of certain financial safeguards in the contract.

The Maintenance Reserve Account, typically subjected to a three-year test by maintaining a balance to ensure adequate funding, was being appropriately maintained. However, there had been contract variations, and early underspends on the building. The intention is to transfer any underspend to the reserve account.

The finance team at Robertson's had been cooperative and transparent throughout the process. A 5-year plan was presented earlier in the year, which had received approval. This plan will be incorporated into the upcoming financial cycle, where the investor

contributes 10% of the total funding requirement and is repaid over a 25-year contract period.

There was a discrepancy in previous reports regarding the Sponsor Debt Reserve Account, but this had been rectified in the most recent report.

With the bank no longer overseeing cash flows, the responsibility for monitoring cash flow now rests with the SPD. While there were low-level deductions, the main concern in year two was the theatre's unavailability in March.

The CEO expressed the need for a schedule outlining future actions to enhance visibility for the committee. It was further suggested that providing a simplified cover paper for committee members.

Decision/Conclusion

The committee acknowledged the presentation and requested that the schedule of future actions was provided for enhanced visibility. Additionally, it was agreed that a simplified cover paper would be beneficial for committee members.

F28 Annual Accounts Update - FPC2223-28

An update was provided, outlining key developments and concerns. Discussions revolved around communication with KPMG Audit Scotland, the rescheduling of meetings, concerns regarding efficient reporting, and the need for external reviewers.

On June 22nd, there was a regular discussion with KPMG Audit Scotland. A meeting with the Director, initially scheduled for July 11th, had been deferred to August 3rd. Additionally, the Board, and Audit and Risk Committee (ARC) meeting planned for July 10th had to be cancelled.

It was noted that the previous ARC meeting discussed estimates and judgments, including a draft of the ISA 260. However, there had been no significant changes, and the three primary points remain unchanged.

The Chair expressed disappointment in the communication aspect and questioned if an internal review would suffice. Suggestions were made to explore external reviewers. The relevance to Finance and Performance (F&P) was raised, emphasising the inability to implement savings schemes due to delays in producing reports.

Concerns were voiced regarding the lack of adherence to Scottish governance and reporting standards. Members felt that a deeper and more transparent understanding was needed, given the potential risks to the financial position. Assurance was sought on how these issues would contribute to achieving financial savings for the year.

It was highlighted that the organisation continues to face the same three issues that were reported previously. The delay in processes had been observed in other Scottish boards as well.

There was a question about whether there would be charges for any overrun. It was noted that other boards had received invoices for overruns, but it is not expected that NHS Orkney will incur overrun fees.

Decision/Conclusion

The committee discussed the need for a more effective communication strategy, exploring external reviewers, and the relevance of timely reporting to savings schemes. It was agreed that further transparency and understanding were required to mitigate financial risks. The organisation's ongoing challenges were acknowledged, and it was noted that overrun fees were not expected. The committee will continue to monitor the situation.

F29 Chairs Assurance Report – Grip and Control Board – July 2023 - FPC2223-29

At the inaugural meeting of the Grip and Control Board, the presentation of progress was well received by members, who expressed their appreciation for the work done thus far. Anticipation and enthusiasm for forthcoming reports were evident among the attendees.

The Orkney Islands Representative emphasised the advantages of having visibility into this process and suggested adopting a Red, Amber, Green (RAG) approach for reporting, recognising the effectiveness of color-coded performance indicators as a valuable visual aid.

It was decided that, moving forward, it will be ensured that the meeting minutes and assurance reports are provided in a timely manner to facilitate collation and discussion in upcoming meetings.

Decision/Conclusion

Members noted the provided assurance report.

F30 Grip and Control Board – Terms of Reference V2.1 - FPC2223-30

Members reviewed the provided Terms of Reference.

Decision/Conclusion

Members noted the provided updates and action note.

F31 Grip and Control Minutes - 13 July 2023 - FPC2223-31

Members had received the minute for review.

Decision/Conclusion

Members noted the provided updates and action note.

Risk

F32 Risk Report – FPC2223-32

The Planning Performance and Risk Manager presented the report highlighting key areas of specific concern.

There was a total of six corporate risks and eight operational risks. During the last reporting period, there have been no new risks introduced, no escalations, and no changes in the status of any of the corporate risks.

In the Tier 2 risk registers, there were no new risks, escalations, or closures. However, it is worth noting that the risk rating for Tier 2 risk 508, which concerns the lack of adequate systems to safeguard data and system outage, has decreased from 16 to 12. This positive change can be attributed to the implementation of new-generation Firewalls reporting to a central analyser, Intrusion Protection Systems, Network Level Anti-Virus, Ransomware detection, and additional data recovery points across all sites.

The Board Chair raised concerns about the presentation of these risks, highlighting a significant level of inconsistency. The presence of risks related to Brexit and potential duplication in public sector reporting were also noted.

A critical area of concern is the lack of accurate mental health systems and non-compliance with NMC standards, which may expose the organisation to the risk of employment tribunal hearings. The need for a prompt resolution to these issues was emphasised, with a sense of urgency surrounding this matter.

Additionally, digital and estate risks fall under the purview of this committee, and there was a call for assurance that these risks are being addressed effectively.

It was recognised that many of these risks appear to be day-to-day operational challenges or inevitable outcomes that need to be reevaluated in terms of their significance.

Decision/Conclusion

The Committee acknowledged the updated risk report and expressed confidence in the progress being made. Ongoing vigilance and improvements in risk management were acknowledged as essential elements of the committee's responsibilities.

- F33 Agree key items to be brought to the Board or other Governance Committees' attention**

Board

- Risk
- Finances

- F34 Any Other Competent Business**

No other competent Business.

- F35 Items for information and noting only**

- F36 Schedule of Meetings**

Members noted the schedule of meetings for 2023/24

The meeting ended at 12:15