

HIGHLAND NHS BOARD	Assynt House Beechwood Park Inverness IV2 3BW Tel: 01463 717123 Fax: 01463 235189 www.nhshighland.scot.nhs.uk	
MINUTE of MEETING of the FINANCE, RESOURCES AND PEFORMANCE COMMITTEE TEAMS	8 December 2023 at 1.30 pm	

Present

Alexander Anderson, Non-Executive Director
 Tim Allison, Director of Public Health and Policy
 Graham Bell, Non-Executive Director (In the Chair)
 Ann Clark, Non-Executive Director
 Heledd Cooper, Director of Finance
 G Corner, Non-Executive Director
 Pamela Dudek, Chief Executive
 Jo McBain, Deputy Director (Allied Health Professions)
 Gerry O'Brien, Non-Executive Director
 David Park, Deputy Chief Executive
 Alan Wilson, Director of Estates, Facilities and Capital Planning

In Attendance

Natalie Booth, Board Committee Administrator
 Lorraine Cowie, Head of Strategy and Transformation
 Ruth Daly, Board Secretary
 Brian Mitchell, Board Committee Administrator
 Katherine Sutton, Chief Officer (Acute)
 E Ward, Deputy Director of Finance (from 2.40pm)

1 STANDING ITEMS

1.1 Welcome and Apologies

Apologies were received from L Bussell, F Davies, E Ward and A Wilson.

1.2 Declarations of Interest

There were no formal Declarations of Interest.

1.3 Minute of Previous Meeting held on 3 November 2023, Rolling Action Plan and Committee Work Plan

The Minute of the Meeting held on 3 November 2023, and associated documentation, was **Approved**.

2 FINANCE

2.1 NHS Highland Financial Position – Month 7 2023 and Update on Savings Plans

The Director of Finance spoke to the circulated report that detailed the NHS Highland financial position as at end Month 7, advising the Year-to-Date (YTD) Revenue over spend amounted

to £43.504m, with the forecast overspend set to increase to £55.975m as at 31 March 2024. Additional agency spend within the Highland Health and Social Care Partnership, and Acute Service areas were noted. The year end forecast was £12.697m better than presented within the financial plan and reflected additional Scottish Government funding relating to Sustainability & NRAC Parity, plus additional New Medicines Funding. Regular discussions were ongoing with Scottish Government, who had reinforced their requirement for NHS to meet its stated Financial Plan. This also assumed delivery of the actions contained within the Financial Recovery Plan. The relevant key risks and associated mitigations were outlined. Members were then taken through the underlying financial data relating to Summary Funding and Expenditure. Specific detailed updates were also provided in relation to the Highland Health and Social Care Partnership area; impact of additional spend within Adult Social Care; Acute Services; Support Services; Argyll & Bute; progress against the Cost Improvement Plan Programme; 3 Horizons/savings tracker activity; Supplementary Staffing; overall forecast position; Financial Recovery Plan progress; sustainability and value; and Capital Spend. The circulated report proposed the Committee take **Limited Assurance**, for the reasons stated.

The following points were raised and discussed:

- Additional Cost Associated with Supplementary Staffing. Advised figures showed overall cost and did not outline cost premium element, estimated to be around 40%. Noted aspects relating to additional bed capacity, National Treatment Centre and Safe Staffing models were contributory elements. Agreed to provide further detail to next meeting.
- Budget Setting. Advised variable across service areas. There was no additional financial resource available for any surge capacity requirements in year. Looking to introduce more integrated planning model, including appropriate risk management elements.
- Staffing Levels in Excess of Referenced Establishment. Advised can be result of additional bed capacity requirement, ongoing historic business case activity, fixed term contracts or activity creep. Some of the elements were non-recurrent and historic in nature.
- Joint Monitoring Committee Discussions. Sought update on key financial discussion points and NHS line. Advised likely discussion on in-year overspend, potential savings plans, increased service pressures and impact of high-cost care packages. Highlighted extreme fragility within external Adult Social Care provider market, impacting relevant providers. Issues relating to sustainability payments and increased care package levels referenced. Further detailed discussion would be required in relation to the next and future years.
- NHS Highland Care Provision. Highlighted as small proportion of overall care provided in area. Stated relevant cost pressures related mainly to private providers. Noted national benchmark data relating to ASC activity and costs did not highlight any outlying elements, although NHS did have a higher-than-average level of care home places.
- Additional Measures. Sought update on potential cost improvement measures and when any impact may be felt. Advised letter received from Scottish Government (16 box grid) the previous week. Conversation required on application of relevant methodology. EDG discussion to be held next week, with swift action required thereafter.
- National Context. Advised NHS not among those NHS Boards having been escalated to Levels 2/3 at this time, with a holding financial position recognised. Further national level discussion with NHS had been scheduled for early January 2024.
- Savings Targets. Queried movement on Community and Primary Care Services. Advised activity related to driving down existing levels of overspend whilst implementing a service redesign and change approach rather than service reduction. Workforce modelling and maximisation of IT services activity also involved. Confirmed strategic programme approach to be implemented and will involve Mental Health Service aspects.

After discussion, the Committee:

- **Noted** the circulated report and additional verbal updates provided.
- **Agreed** further detail relating to Supplementary Staffing costs be provided to next meeting.
- **Agreed** to take **Limited** assurance regarding the reported financial position.

2.2 Draft Budget Setting Guidance 2024/2025

The Director of Finance spoke to the circulated report, presenting the final version of the Budget Setting Guidance which gave an overview of the expectation of budget setting, the draft timeline involved and process to be undertaken. NHSH undertook an annual budget setting process which aligned to financial planning guidance and also aligned to the Annual Delivery Plan. The Guidance provided information on how the budget setting process was to be undertaken and the expectations placed on all parties involved in the process. The Guidance had been reviewed and amended by the Committee and EDG and would be circulated to managers. The report proposed the Committee take **Substantial Assurance**.

The Committee:

- **Noted** the circulated report and final Budget Setting Guidance 2024/25, Cost Improvement Programme Quality Impact Assessment Template and 2024/25 Budget Setting Timetable.
- **Agreed** to take **Substantial** assurance.

2.3 3 HORIZONS PLAN

L Cowie gave a short presentation to members, providing an update in relation to Strategic, Annual Delivery and Financial Planning activity in terms of delivering relevant Objectives and based on four strategic commissioning priorities for Horizon 3. It was stated the transformation priorities represented a shift in NHSH operation and would enable a focus on Objectives at all three Horizons to help frame and achieve long term goals. It would also enable effective addressing of the challenges being faced and formal assessment of the impact. An update in relation to the timeline for the strategic way forward was outlined, noting that communication and engagement with key clinical and care professional as well as managers would be key elements throughout to ensure appropriate levels of accountability and responsibility. Transformation workstreams were in the process of being developed and would be discussed by the EDG in early January 2024. The creation of baselines, as part of an Integrated Service Planning Model would commence in January 2024, with Transformation Workstreams commencing and the Performance Framework being redrafted in February 2024. Arrangements for governance and reporting of the Annual Delivery and Financial Plan, both at national and local level were further outlined, ahead of discussion at EDG the following week.

The following was discussed:

- Draft Financial Plan. Confirmed as required by 29 January 2024. Final Plan required by 11 March 2024. Government feedback due to be received by 12 April 2024. Noted two key financial asks as relating to delivery of 3% recurrent savings and a reduced outturn for 2024/25. Advised will be number of iterations involved, highlighting the importance of the relevant engagement process involved.
- National Ten-Year Health and Social Care Plan. Advised work led by Public Health Scotland had commenced, based primarily on prevention activity and aspects around the principles of Realistic Medicine. The Clinical Strategy would be refreshed. The national perspective would likely be more impactful for NHSH, than the regional level.
- Sustainability and Fragile Services. Advised national paper to be discussed, looking to detail where issues require to be addressed and where sustainable services already exist. Noted networking and target operating models were being actively discussed.

After discussion, the Committee:

- **Noted** the circulated report and presentation content.
- **Noted** further detail of the planning process would be provided to the next meeting.

3 ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Director of Estates explained the Environmental and Sustainability Report had been presented in depth at the last Board Development session. Submission of the Climate Change report for NHS Highland was within the required deadline. An Environment & Sustainability Board had been set up to work with internal and external partners to reduce Carbon emissions and to work more efficiently and sustainably. The Net Carbon Zero route map provided a high-level indication of the current position and the issues faced. Funding would be reviewed to progress towards the Scottish Government Net Carbon Zero targets. Sites that had begun to progress toward Net Carbon Zero solutions included, New Craigs, Lawson Memorial Hospital and Portree Hospital. The Papilio EV Charger – solar powered EV charger had been installed at Raigmore Hospital.

The various NSAT related subgroups (e.g. Green Theatres, Active Travel, Green Spaces, etc) are beginning to work closely with the E&S team to develop, progress and deliver projects. Green Theatres had requested ventilation to be implemented but it had not been signed off nationally. The ventilation installation would be paused to enable time to review implementation methods and it had been signed off nationally. Strong discussion was had at the last Environment & Sustainability Board meeting and had resulted in Procurement and Facilities to progress toward a one national contract for waste to enable good practice across the Board. Further funding applications would be submitted to Scottish Government to assist with funding resource to enable further progress toward the Scottish Government Net Carbon Zero targets.

In discussion:

- Members questioned the report being presented to the committee for awareness and not assurance. The Director of Estates noted that this was the first report produced for the Governance of Environmental Sustainability and would offer limited assurance.
- Members noted good progression towards the Scottish Government Net Carbon Zero targets had with by reshaping the existing resources within estates and facilities.
- The heating at Raigmore was identified as a key issue for NHS Highland to comply with the Net Carbon Zero targets.
- New Craigs had the potential to become one of the first Net Zero Hospitals. The Director of Estates advised that they had been working with Scottish Government to procure through national contracts for energy.
- The Director Estates advised that NHS Highland would partner with UHI to enable students to do an environmental management system.
- Members noted the importance in the NHS Highland staff actively being involved in activity to work toward the target. The Director of Estates explained positive case studies would be provided through communications to increase staff participation in reaching the Net Carbon Zero targets.
- The Director of Estates highlighted that Net Zero Hospital would be able to generate and store their own energy in response to being asked if power generation was an option for the Health Board.
- The Director of Public Health highlighted positive health implications are the result of sustainable solutions but would need necessary funding.
- The Committee Chair noted the current Director of Estates would be leaving the Health Board and thanked them for their contribution to the committee.

After discussion, the Committee:

- **Noted** the report on how NHS Highland is was progressing toward Scottish Government Net Carbon Zero targets.
- **Agreed** to take **Moderate** assurance.

4 REPORTING ON PERFORMANCE ISSUES BY EXCEPTION

After discussion, the Committee agreed this item had been covered in earlier discussion.

5 PROPOSED MEETING SCHEDULE FOR 2024

After discussion, the Committee noted the meeting schedule for 2024.

6 AOCB

There were no matters discussed in relation to this Item.

7 DATE OF NEXT MEETING

The date of the next meeting of the Committee on 5 January 2024 at 9.30am was **Noted**.

The meeting closed at 2.50pm