

HIGHLAND NHS BOARD	Assynt House Beechwood Park Inverness IV2 3BW Tel: 01463 717123 Fax: 01463 235189 www.nhshighland.scot.nhs.uk	 NHS Highland na Gàidhealtachd
MINUTE of the FINANCE, RESOURCES AND PEFORMANCE COMMITTEE TEAMS	09 February 2024 at 9.30 am	

Present

Alexander Anderson, Chair
 Tim Allison, Director of Public Health
 Ann Clark, Non-Executive
 Heledd Cooper, Director of Finance
 Garret Corner, Non-Executive
 Gerard O'Brien, Non-Executive
 David Park, Deputy Chief Executive

In Attendance

Rhiannon Boydell, District Manager
 Sarah Compton-Bishop, Chair of NHS Highland
 Lorraine Cowie, Head of Strategy and Transformation
 Pamela Cremin, Chief Officer, Highland Health and Social Care Partnership
 Eric Green, Head of Estates
 Karen Leach, Non-Executive
 Kate Patience-Quate, Deputy Director of Nursing
 Katherine Sutton, Chief Officer for Acute
 Elaine Ward, Deputy Director of Finance

1 STANDING ITEMS

1.1 Welcome and Apologies

Apologies were received from committee members Graham Bell, Boyd Peters, Pamela Dudek with David Park deputising and Louise Bussell with Kate Patience-Quate deputising.

1.2 Declarations of Interest

There were no formal Declarations of Interest.

1.2 Minute of Previous meeting held on Friday, 05 January 2024, Rolling Action Plan and Committee Work Plan

The Minute of the Meeting held on 5 January 2024 was **Approved**.

The Committee otherwise:

- **Approved** the draft Minute.
- **Noted** the Committee Action and Work Plans and agreed any proposed closures.

2 FINANCE

2.1 NHS Highland Financial Position 2023/2024 Report (Month 9) and Update on Savings Plans

E Ward spoke to the circulated report that detailed the NHS Highland financial position as at end Month 9, advising the Year-to-Date (YTD) Revenue over spend amounted to £48.7678m, with the forecast overspend set to increase to £54.599m as at 31 March 2024. The year end forecast continued to be £14.073m better than presented within the financial plan and assumed delivery of actions within the Financial Recovery Plan, including support to balance the Adult Social Care forecast overspend. The relevant key risks and associated mitigations were outlined. The circulated report further outlined the underlying data relating to Summary Funding and Expenditure. Specific detailed updates were also provided for the Highland Health and Social Care Partnership area; Adult Social Care; Acute Services; Support Services; Argyll & Bute; assurance of progress against the Cost Improvement Plan Programme; 3 Horizons/Savings Tracker activity; Supplementary Staffing; subjective analysis; overall forecast position; wider sustainability and value activity; and Capital Spend. The report proposed the Committee take Limited Assurance, for the reasons stated.

The following matters were discussed:

- Impact and Learning from In-Year Undelivered Savings Schemes. Noted as a recurring theme. Advised those being monitored and rolled forward to 2024/2025 had been new schemes for 2023/2024. Not all schemes had been fully developed prior to inclusion. Learning taken and activity being taken forward relating to ensuring work streams adequately developed at initial stage. Integrated service planning approach referenced. On ensuring a full year impact, advised schemes fully defined and ready to be progressed. Relevant processes will be commenced prior to start of new financial year. Relevant challenge for 2024/25 will result in increased scrutiny and risk assessment activity. A more centralised approach was not expected to impact on operational level buy-in.
- Implications of Patient Level Information Costing System Pilot. Advised data to be tracked in line with patients rather than by specific activity. Allows greater benchmarking information across services. Noted operational in England for about a decade. Looking to take learning from activity elsewhere. Will require time to establish and fully embed.
- Assessment of Impact from Additional Spend Control Measures. Noted impact being actively monitored, with associated spend reductions already evidenced. Noted had been unintended benefits in terms of identification of non-compliant contracts; improved requisition requests; highlighting of existing maintenance contracts; and widespread recycling of furniture and equipment etc. Stated overall, process has added value.
- Discussions with Highland Council. Advised conversations relating to 2024/2025 had been progressed but remain ongoing. 2023/2024 position to be formally confirmed in writing to Highland Council with request for additional resource. Further service improvement to be worked through.
- Countering Fraud Activity. Questioned how the organisation can address perceived culture that finance will always be resolved in positive manner. Advised messaging to staff can be tricky balance to strike. Messaging will be enhanced given known position for 2024/25. Directors of Finance working together on consistent public messaging. National groups looking at prescribing activity. Consideration of national targets and associated service models will be important aspects.
- Risk Associated with Factoring in Expected Allocations. Advised had been factored in to relevant scenario planning activity. Noted number of large allocations had come through in January, with those outstanding mainly relating to lower risk matters.
- Capital Spend. Noted further expenditure due in 2023/2024 irrespective of national announcement regarding spend moratorium. Questioned if risk that such spend would not be covered by allocations. Advised not likely to affect 2023/24 position. Technical accounting aspects to be worked through with auditors.

- Management/Coordination of Wider National and Local Political Messaging. Stated there can be a disconnect at all levels when answering on local matters. Honest National messaging a key aspect that can inform and help direct local conversations around associated impact. Discussions ongoing at national level. Managing the public perception was likely to be a challenge for all involved. Full Communications Plan being developed. Importance of integrated service planning activity highlighted.

2.2 Draft Financial Plan 2024/2025

E Ward, as part of the reporting in relation to the previous item, went on to advise as to the NHS Highland financial plan for 2024/2025, the underlying basis of which was outlined in more detail for members. A relatively detailed summary of the indicative planned position for 2024/25 to 2026/27, as submitted to the Scottish Government in January 2024 was provided as well as an indication of the relevant actions required. Areas of national focus were outlined, as were the identified associated risks within the current draft financial plan. The Capital position for 2024/25 to 2028/29 and associated assumptions were also indicated. It was advised the final draft NHS Financial Plan was to be submitted to Scottish Government by 11 March 2024, based on realistic assumptions.

There was discussion of the following:

- Calculation of Cost Reduction requirements. Advised based on Adult Social Care position, Argyll and Bute activity and 3% efficiency requirement for North Highland. Mitigation activity continues to be discussed and taken forward where appropriate.
- Draft Financial Plan, National Level Discussion of Local Actions, and the Role of the NHS Board. Advised overall timescales unclear at that time, with many aspects yet to be considered and worked through in detail at local level. Sign off will likely be at the May 2024 NHS Board meeting. Additional Development Session(s) would likely be held.
- Cost Pressures/Growth Elements. Stated need for honest discussion, including with Scottish Government around not taking some elements forward in the absence of resource. Noted some elements will already be contractually obligated.

After discussion, the Committee:

- **Noted** the reported position.
- **Agreed** to take **Limited** assurance.

3 Strategic Transformation and Planning Approach

The Head of Strategy and Transformation provided a presentation detailing the 2024/25 Path to Balance as the approach to a structured cost improvement program. Speaking to the presentation she highlighted the following:

- A Communication and Engagement plan would be presented to EDG for approval. Events would be continuing to be held to improve communication and ensure all stakeholders and public are kept informed.
- The Path to Balance approach has four main workstreams; Whole System; Operations; Corporate; and Digital. Each will have a value and clear plan about what savings are and how we are going to achieve it.
- Each workstream would report to Path to Balance group to ensure clarity when assessing and assuring workstreams are aligned correctly. The values from each workstream would integrate with the financial plan and the annual delivery plan as key areas.
- Integrated service planning had begun within the Partnership and Acute to ensure improved collaborative accountability, ownership, governance, and communication that will result in having a target operating model for the next year for each of the services.

- Processes that had been agreed. Impact assessment template that assesses risk and assigns a decision-making level. The Integrated Service Plan and outputs, that is an assessment process. If impacting of our population quality impact assessment completed and recommendations considered by professional leads. Simplified PID complete with SRO assigned. Monthly assurance on progress until benefits realised. Escalation and review through path to balance group supported by the PTB team.
- Progress made to date. Strategic change process had been agreed and included 4 stages; discover; define; develop; and deliver. Clear structure and portfolio with charters. Decision making framework agreed. Clear documentation and resources being added to the intranet. Communications plan developed. The Strategic Transformation and Assurance Group established and began to meet.
- Purpose, assumptions, and key anchor points had been agreed. There are set principles to ensure the population are cared for, the organisation has efficiency, there is single financial plan in place, and that this is maintained through the Annual Development Plan.

The Head of Strategy and Transformation provided an overview of the decision-making levels/ expected timeline along with who would approve and manage the decision. An overview was provided to advise the committee on the governance structure of the strategic change structure and that would feed into the Governance and Professional Committees.

The Committee Chair questioned if there would be regular progress updates provided to the Committee and Board. The Head of Strategy and Transformation stated that documentation had been created to outline the stage of decision making was at and the key areas to focus. Deputy Chief Executive noted that savings and transformation updates would continue to be provided to the committee. When plans had been through the approval levels it could be agreed the frequency of communications to be provided to the committee.

Board Vice Chair stated she was interested in understanding what differences the new approach would bring about. She expressed concern about capacity issues related to integrated health and social care planning. Given the multitude of local initiatives already in place, she questioned whether there is enough capacity to accommodate this additional planning space and the balance between strategic and local decision-making, especially in terms of workforce management and community involvement.

The Head of Strategy and Transformation explained it was about understanding aims and being clear in terms of finance, performance, and workforce quality with charters providing contexts. Discussions had taken place with the Chief Officer for the HSCP around decision-making for resource allocation in a place-based approach, including metrics for districts that do not have community hospitals. Integrated service planning sets a baseline for understanding district operations and resource variation. Implementing changes would be challenging, particularly for project teams' post-decision.

Chief Officer, HHSCP explained integrated service planning is key, requiring detailed, evidence-based assessments for service performance. This has been put into practice through workshops with district managers and the Highland Council following the Joint Strategic Plan's approval by the Joint Monitoring Committee. Chief Executives have reviewed the council's financial profile, with slides from this session shared to foster alignment. A locality plan for savings and efficiency in the next year has been developed for Adult Social Care. The management structure is being redesigned with input from those involved in redesign activities. The creation of a primary care strategy, recognised as crucial for shaping and redesigning services, has seen engagement from Primary Care. The Communications Strategy with primary care has been a focus, underlining the importance of locality and community planning partnerships.

The Committee Chair recommended the inclusion of Non-Executive Directors on gate three to provide some level of governance and assurance. The Head of Strategy and Transformation

explained that if decisions on major service change are being made and to follow a specific process there would need to be a discussion on how people are kept informed.

The Committee **Noted** the Strategic Transformation and Planning Approach.

4 Environmental and Sustainability Reporting

The Head of Estates explained the report provided an update on how the organisation had been progressing toward the Scottish Governments Net Zero targets. The infrastructure decarbonisation would be dependent on funding which had been limited with the organisation actively searching for alternative funding to apply for. It was highlighted that the solar powered EV chargers had been installed at Raigmore and was available for use by staff and the public for a cost.

In discussion, committee members noted willingness to progress toward the Scottish Governments Net Zero targets. With the organisation needing to ensure maximisation of funding applications to enable future innovation and moving forward toward the Net Zero targets as it would potentially need to be done in small increments depending on funding.

The Director of Finance highlighted the Papilo charging point was a two-year pilot that had been funded through Endowment Committee. The paper that had been presented to the Endowment Committee noted the savings made from the pilot and invest in further installations. Spend to save should be part of the Endowment strategy to enable the core investment to be repaid to Endowments.

Committee members noted high energy use at Raigmore Hospital and asked if there had been progress on improving energy efficiency. The Head of Estates explained that plans for cyclical replacement work were being developed to help improve energy efficiency. The Estates team are aware of the need to decarbonise Raigmore and if further funding was sourced to help improve energy efficiency ratings, then in turn this could help with maintenance challenges.

After discussion, the Committee:

- **Noted** the reported position.
- **Agreed** to take **moderate** assurance.

5 Risk Register Update

The Head of Strategy and Transformation confirmed there had been no update since the committee meeting in January; an update will come to the March committee meeting.

The Committee so Noted.

6 Remaining Meeting Schedule for 2024

- 1 March
- 12 April
- 3 May
- 14 June
- 5 July
- 9 August
- 6 September

11 October
1 November
13 December

The Committee:

- **Noted** the remaining meeting schedule for 2024.

7 DATE OF NEXT MEETING

The date of the next meeting of the Committee on Friday 1 March 2024 at 9.30am was **Noted**.

8 Any other Competent Business

The Chair confirmed that the Committee Self-Assessment questionnaire would be available for completion to members and attendees until 23 February 2024 and encouraged as many responses as possible.

The meeting closed at 11.45am