

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	6 October 2023 at 9.30 am	

Present

Graham Bell, Non-Executive Director (In the Chair)
 Tim Allison, Director of Public Health and Policy
 Louise Bussell, Board Nurse Director
 Sarah Compton-Bishop, NHS Board Chair
 Heledd Cooper, Director of Finance
 Pamela Dudek, Chief Executive
 Gerry O'Brien, Non-Executive Director
 Dr Boyd Peters, Board Medical Director

In Attendance

Natalie Booth, Board Committee Administrator
 Pamela Cremin, Chief Officer, Highland Health and Social Care
 Ruth Daly, Board Secretary
 Fiona Davies, Chief Officer, Argyll and Bute HSCP
 Brian Mitchell, Board Committee Administrator
 David Park, Deputy Chief Executive
 Katherine Sutton, Chief Officer (Acute)

1 STANDING ITEMS

1.1 Welcome and Apologies

Apologies were received from A Anderson, A Clark, L Cowie, B Donald and A Wilson.

As the meeting was inquorate, members were advised that any decisions taken would require to be subject to ratification at the next quorate meeting.

1.2 Declarations of Interest

There were no formal Declarations of Interest.

1.3 Minute of Previous Meeting held on 8 September 2023

The Minute of the Meeting held on 8 September 2023 was **Approved**.

2 FINANCE

2.1 NHS Highland Financial Position as at end August 2023 (M5)

The Director of Finance spoke to the circulated report that detailed the NHS Highland financial position as at end Month 5, advising the Year-to-Date (YTD) Revenue over spend amounted

to £32.650m, with the forecast overspend set to increase to £55.774m as at 31 March 2024. The improvement noted in relation to the residual gap in the plan had been due to additional funding allocations received from Scottish Government. The stated forecast assumed full delivery of savings in Acute, Support Services and the HHSCP areas, and that the significant majority of Argyll and Bute Integrated Joint Board's (IJB's) target would also be achieved. The reported forecast position was £12.898m better than presented in the financial plan submitted to Scottish Government in March 2023. Members were 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; Adult Social Care; Acute Services and associated future reporting profile; Support Services; Argyll & Bute; progress against the Cost Improvement Plan Programme; 3 Horizons activity; Supplementary Staffing; forecast position; sustainability and value; key risks and associated mitigations; and Capital Spend. The circulated report proposed the Committee take **Limited Assurance**, for the reasons stated.

The following points were raised:

- Tailored Support Activity. A brief presentation was provided to members that outlined the relevant actions to date. It was reported that a finance self-assessment had been completed, based on financial governance aspects, and shared with the Executive Director Group for feedback. An action plan had then been agreed, based on the self-assessment results to ensure improvements were made. The action plan had been shared with the A Gray, who had indicated his support in relation to the relevant content. A Recovery Plan for 2023/24 had been developed, detailing the non-recurring actions required to deliver the year end overspend position of £55.8m as proposed to and requested by Scottish Government. A letter of response was to be issued to the Scottish Government following this meeting, articulating the actions taken to date and being progressed. Three key areas of focus identified by the Efficiency and Transformation Group were noted as relating to Supplementary Staffing, Prescribing, and Digital Maximisation. A high-level 3-year financial plan was being developed, for submission to Scottish Government by end October 2024. Further specific detail was also provided in relation to the 2023/24 Recovery Plan.
- Self-Assessment Response to Scottish Government. Noted detailed in nature and process had been valuable in highlighting the need for strengthening of internal processes and systems relating to budget setting and financial governance. Would enable informed refinement of methodology for savings processes; and aspects relating to compliance, including improved reporting detail and associated financial management culture as part of move away from a grip and control approach. Aspects relating to embedding of financial responsibility and accountability had been highlighted. Improvement was increasingly evident across Acute and Argyll & Bute areas. Advised Response content and associated action plan available for sharing with members.
- Learning from Formal Response. Suggested a future report to the NHS Board summarising the key learning points and actions being taken forward.
- Service Implications Arising from Formal Response. Advised as to aspects relating to improved activity planning and associated wider cost attribution, including for Theatre activity. There were now a fewer number of Theatres in use at that time, with Clinical teams active in prioritisation discussions and setting activity cap plans based on volume. Rate of recovery for Orthopaedics impacted by National Treatment Centre activity, with Acute picking up the more complex cases. Case made to Scottish Government for increased funding to mitigate this impact. Efficiency of theatre use highlighted as area to be addressed, mainly around Rural General Hospitals (RGHs). Other areas of focus included locum and agency spend; improved recruitment; examination of existing medical staffing profiles, procurement and drug changes. Issues relating to locum costs associated with Psychiatry Services in Caithness were being taken forward by the relevant Clinical Director.
- Raigmore Senior Management and Central Cost Reporting. Advised this related to the overall balance of savings within the operational area, with relevant targets yet to be allocated across budget lines. Noting forecast variance assumed delivery of Cost

Improvement Programme elements, question asked as to drivers for level of overspend. Agreed further detail to be provided in next report to Committee.

- 2024/25 Adult Social Care Budget Discussion with Highland Council. £10m minimum funding gap identified. Advised detailed budget setting meetings yet to commence, with consideration being given to agreeing a rigorous timeline for discussions, in line with the agreed process. Formal discussion to commence in early course, with communication on priority areas having been positive to date. Stated major cost of care issue being faced in Highland, and across remote and rural NHS Boards in Scotland. A Gray kept apprised of relevant issues and discussions, with the approach being taken to date having been welcomed. Additional narrative to be included in future reports to Committee.
- Cost of Care Differential. Questioned if this was accelerating. Advised core gap identified due to number of factors including Care Home contracting. Highland dependent on small Care Home providers unable to benefit from economies of scale available elsewhere. Moving Adult Social Care staff onto Agenda for Change terms and conditions was having an associated financial impact, mitigated to an extent by additional allocation from Scottish Government, recognising this impact. The residual core gap was expected to increase.
- HHSCP Overspend Increase. Noted to increase to £6.32m by financial year end. Advised detailed investigation required to identify relevant cost variances and pressures impacting the bottom line. Further detail would be provided in future reports. Deep dive had been conducted into agency and locum use, with particular focus on New Craigs. Much agency spend was related to both covering for funded vacancies and addressing patient acuity. Workforce availability noted as major challenge, with positive news provided on recruitment of an additional 28 nurses (22 newly qualified, 6 international). Moving Out of Hours into Primary Care was expected to deliver cost efficiencies and ensure better service alignment. A similar move in Badenoch & Strathspey had been successful in achieving recurrent savings but would not be easy to replicate across NHS Highland. Area and District managers were scheduled to further report on Horizon 3 activity later that afternoon.

After discussion, the Committee:

- **Noted** the circulated report and additional verbal updates provided.
- **Agreed** to take **Limited** assurance regarding the reported financial position.

3 TRANSFORMATION PROGRAMME UPDATE

Following on from discussion under Item 2.1, members were reminded transformation was a fast-moving area of activity, with A Gray having provided beneficial support in this area in terms of responding to the asks by Scottish Government and determining associated actions required. To date, such engagement activity had been challenging although conducted in a positive, honest and open manner. Within the national context of operating the only Lead Agency model in Scotland, the unique Highland position and scale of challenge being faced remained a concern. There was increased national level appreciation of the unique challenges being faced by NHS Boards operating in remote and rural areas.

Reflecting on earlier discussion in relation to the Self-Assessment Response, members were advised there had been positive interest in the NHS Board level of control and focus on overall financial performance. Aspects highlighted to NHS Highland to date had included Theatre start times and associated efficiency, as referenced in earlier discussion, and Return Patient activity. There was current focus on mitigating activity and level of care relating to these areas.

There followed a brief presentation on Horizon 3 activity and how this linked to existing short-term activity, in the overall context of the NHS Together We Care Strategy. An outline was provided as to four overarching key Programmes relating to People, Partnership, Prevention and Acute Provision. These Programmes would all be supported by the NHS Digital Strategy and Estate/Infrastructure review, and with potentially less reliance on staff numbers. It was noted reference to prevention aspects mirrored similar activity being taken forward in the Argyll

and Bute area, mainly based on a bottom-up approach. The ability to effectively link Policy to Implementation was an important element. It was stated the key to moving forward would be implementation of Together We Care and associated Programme Charters etc through an aggregation of relevant workstreams and application of appropriate leadership, rigour, facilitation, methodology and key milestones including at both individual and community level. It was important to offer people the opportunity to make positive changes and facilitate management of their own condition(s) where appropriate. The importance of ensuring explicit inclusion of effective engagement in management of change was emphasised, whilst applying a balance of individual responsibility, providing flexibility in any support offered, and factoring in relevant community response and resilience aspects. Learning would be taken from Argyll and Bute activity to date. Complying with relevant basic guidance principles contained within Partnership Charters, relating to locality engagement was important. The same applied to relevant Winter Planning activity.

After discussion, the Committee:

- **Noted** the presentation content and reported position.
- **Agreed** any relevant Scottish Government response be brought to this Committee.

4 REVIEW OF COMMITTEE TERMS OF REFERENCE

There had been circulated revised Committee Terms of Reference, in relation to which members had been invited to suggest further amendments where required. It was reported the Committee Chair had indicated his agreement to the proposed changes outlined.

After discussion, the Committee Approved the proposed revised Committee Terms of Reference.

5 REVIEW OF COMMITTEE WORK PLAN

There had been circulated the latest iteration of the Committee Work Plan 2023/2024. Members were advised the Chair had highlighted the need for inclusion of items relating to Environment and Sustainability on the agenda of all scheduled regular meetings.

After discussion, the Committee Approved the Committee Work Plan document, subject to the inclusion of agenda items relating to Environment and Sustainability for regular meetings.

6 2023 MEETING SCHEDULE

The Committee **Noted** the remaining formal meeting schedule for 2023 as follows:

- 3 November**
- 1/8 December (to be confirmed)**

7 AOCB

The Chair referenced, in his capacity as member of the Argyll and Bute Integrated Joint Board Finance Committee, the matter of financial reserves and sustainability payments. He stated

discussion was being taken forward offline and would likely require discussion at a future meeting of the IJB Finance Committee.

8 DATE OF NEXT MEETING

The date of the next meeting of the Committee on 3 November 2023 was **Noted**.

The meeting closed at 11.00am