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| 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 |
| DRAFT MINUTE of the FINANCE, RESOURCES AND PEFORMANCE COMMITTEE TEAMS | 10 January 2025 at 9.30 am | |

Present

Alexander Anderson, Chair
Graham Bell, Vice Chair
Karen Leach, Non-Executive Director
Louise Bussell, Nurse Director
Heledd Cooper, Director of Finance
Richard MacDonald, Director of Estates, Facilities and Capital Planning
Garret Corner, Non-Executive Director
Gerard O'Brien, Non-Executive Director
David Park, Deputy Chief Executive
Tim Allison, Director of Public Health
Sarah Compton-Bishop, Board Chair
Steve Walsh, Non-Executive Director

In Attendance

Arlene Johnstone, Head of Mental Health, Learning Disabilities and Drug & Alcohol Recovery Services
Brian Mitchell, Committee Administrator
Katherine Sutton, Chief Officer Acute
Kristin Gillies, Interim Head of Strategy and Transformation
Janice Preston, Non-Executive Director
Ruth Daly, Board Secretary

1 STANDING ITEMS

1.1 Welcome and Apologies

Apology was received from Committee member Fiona Davies. Further apologies were received from Evan Beswick and Elaine Ward, who are routinely invited to Committee meetings.

1.2 Declarations of Interest

There were no formal Declarations of Interest.

1.3 Minute of Previous meeting held on Monday, 16 December 2024 Rolling Action Plan and Committee Work Plan 2024/2025

The Minute of the Meeting held on 16 December 2024 was **Approved**. The Committee further **Noted** the Committee Work Plan 2024/25 and **approved** the 'proposed to close' items on the Rolling Action Plan.

2 NHS Highland Financial Position 2024/25 Report (Month 8) and Value and Efficiency Assurance Update

The Deputy Director of Finance spoke to the circulated report detailing the NHS Highland financial position as at end Month 8, advising the Year-to-Date (YTD) Revenue over spend amounted to £49.889m, with the overspend forecasted to be £49.697m as of 31 March 2025. The forecast assumed further action would be taken to deliver a breakeven Adult Social Care (ASC) position. This forecast is £21.297m worse than the brokerage limit set by Scottish Government and £0.900m better than the target agreed. The brokerage limit set by Scottish Government was £28.4m. The circulated report further outlined planned versus actual financial performance to date as well as the underlying data relating to Summary Funding and Expenditure, noting the relevant Key Risks and Mitigations. It was noted £11.105m of funding had been received in Month 8 and the MDT funding had been received and further pay award funding confirmed. Specific detailed updates were also provided for the Highland Health and Social Care Partnership area; Adult Social Care; Acute Services; Support Services; Argyll & Bute; the Cost Reduction/Improvement activity position; the position relating to Value and Efficiency activity, including mitigating slippage and associated Dashboard position as of November 2024; Supplementary Staffing; Subjective Analysis; and Capital Spend. The circulated report proposed the Committee take **Limited** Assurance due to the gap from Scottish Government expectations.

There was discussion of the following:

- Supplementary staffing. Recruitment efforts in social care had shifted from general vacancy advertisements to more community-focused and targeted approaches, aiming to attract people through different models and address high vacancy rates in specific areas.
- Adult Social Care Costs. Members highlighted the increase in adult social care costs and noted discussions were ongoing with the council to agree on a final figure. The Director of Finance acknowledged the need for more collaborative budget setting, incorporating social care pressures into the planning process.
- Delayed Discharge. The request for additional funding to the Scottish Government was pending. However, members noted recruitment efforts were ongoing to reduce supplementary staffing costs, and the reopening of Inverness beds had been funded by the Highland Council.
- Process of setting a deficit budget. In response to members querying the process, the Director of Finance highlighted the draft budget must be submitted to the government by the end of January, with the final version by the end of March, fitting within the Council's timeline for their budget process.

The Director of Finance spoke to the circulated 'NHS Highland – 2024-25 Financial Position and Brokerage Cap Response' letter and advised all boards in financial deficit were required to respond with their financial positions and pressures. The Chief Executive had provided the required response to the Chief Executive of NHS Scotland and Director General for Health & Social Care. It was noted that in response, NHS Highland has received confirmation of increased brokerage. The Scottish Government Also confirmed that there would be no brokerage available in 2025/26.

There was discussion of the following:

- Brokerage limit. Members noted the potential impact adult social care could have on meeting the brokerage cap and discussions continued with the Council to balance risks and avoid reporting a deficit.
- Long-term implications of accumulating brokerage. Members emphasised the need for clear, stable financial plans that consider the broader impact on future budgets and the political landscape. The Director of Finance highlighted the importance of strategic planning while acknowledging the difficulty of repaying brokerage.

- Achieving break-even position. Members stated that achieving a break-even position solely through efficiency improvements seemed unrealistic and required national-level intervention. The Director of Finance explained the need to discuss with the Scottish Government what boards can realistically deliver without NHS reform, as current system pressures require a broader approach.
- National Groups. Members expressed concerns about the lack of clear connections between national groups and boards, both from governance and operational perspectives, and seemed committed to address the issue. Members also highlighted the challenges of participating in certain groups.

After discussion, the Committee:

- **Examined** and **Considered** the implications of the Financial Position.
- **Agreed** to take **Limited** assurance.

3 New Craigs PFI Progress Update

The Director of Finance advised due to the level of risk surrounding the transfer, the programme board meetings initially held bimonthly have now been moved to monthly meetings. External support has been enlisted to help manage the process, focusing on ensuring the building is fit for purpose before handover, addressing TUPE issues and managing advanced payments and deductions related to Reinforced autoclaved aerated concrete (RAAC) identified buildings.

The main areas of focus include ensuring the deliverability of the Renewal Programme,, managing the transfer of staff under TUPE legislation, and addressing financial issues such as advanced payments and deductions for non-utilised buildings. The team is working through a proposal from the project company regarding RAAC liabilities, with a risk of a potential legal dispute if an agreement is not reached.

The Director of Estates, Facilities and Capital Planning noted previous communication challenges and noted the renewal programme was agreed upon, allowing financial sums to be offset against work to be done. There had been a proposal made regarding the RAAC buildings which will be responded to. He noted despite challenges, the overall outlook was positive, with ongoing work required until July 2025.

Members expressed concerns about the private sector's role in carrying risk for Public Finance Initiative (PFI) projects and questioned the lifespan and viability of assets being handed back. The Director of Estates, Facilities and Capital Planning responded that the asset being returned is in good condition, with identified issues being rectified, and explained that future maintenance will be integrated into the asset management programme. He also noted that while similar issues exist on a national scale this contract had unique complications.

After discussion, the Committee:

- **Noted** the report content.
- **Agreed** to take **Moderate** assurance.

4 Draft Budget Setting for 2025/26 Update

The Director of Finance advised that the board's Executive Directors had attended finance clinics led by the Director of Finance and the Chief Executive to explore opportunities and efficiency improvements. The focus was on shaping a cost reduction and future sustainable plan, avoiding the term "savings." High-level information would be presented at the board development session towards the end of the month before submitting the first plan.

After discussion, the Committee Noted the verbal update.

5 Capital Asset Management Month 8 Update (Incl. Additional Capital Sum Allocations and Associated Projects)

The Director of Estates, Facilities and Capital Planning spoke to the circulated report and highlighted the capital position previously discussed included a former allocation of £6.9m and several directly funded projects. An additional £2.37m in capital funding was received last month, with updates to be provided at the February committee meeting. Spending on e-health projects was slightly behind due to issues with fibre replacements, but the team was confident of project completion by the end of the financial year.

Inflation affected several projects, including the fibre project, but a contingency fund was released to support these costs. The Raigmore fire compartmentalisation project was nearly complete, with most work finished by the end of month 8. The Equipment Purchasing Accountability Group (EPAG) equipment replacement project was ongoing and on profile, with back-loaded orders to reallocate funding if necessary.

Standalone projects included ongoing EV charger installations, with Grantown-on-Spey completed. The ACT accommodation funding reached the design stage, and the team was exploring further funding options. By the end of month 8, expenditure was £2.97 million, or 37.3% of the budget, with spending expected to increase over the next two months. A plan for the additional capital received would be presented at the next FRP meeting.

Members noted when capital projects were frozen, there were concerns about costs impacting revenue budgets and accounting issues. The Director of Estates, Facilities and Capital Planning advised additional funding from the Scottish Government had been obtained, which covered costs associated with capital projects before the freeze. He noted that the Lochaber and Caithness project was closed at the Royal Institute of British Architects (RIBA) stage and the Cowal project would form part of the BCIP submission to Scottish Government. An update on both would be provided at the next committee meeting. It was noted that the Belford project was at a remobilisation stage with a 12-week period planned to restart the project, aiming for a formal start around 1st April 2025.

After discussion, the Committee:

- **Noted** the content of the report.
- **Agreed** to take **moderate** assurance.

6 Integrated Performance Report and Deep Dive

The Interim Head of Strategy and Transformation advised data provided in the report covered to the end of quarter two (30th September 2024). Efforts to mitigate these pressures included ongoing transformation and improvement work, along with various redesigns. The report highlighted key focus areas such as delayed discharges, cancer services, and vaccinations, all of which had improvement plans in place. Additionally, areas of successes in TTG and

outpatient services were acknowledged, with plans to continue these improvements in collaboration with the government as part of annual delivery planning.

The report also addressed the need for improvement in CAMHS to reduce waiting times, noting that extensive work on data quality and long waits had led to improvements in October. Although not fully resolved, the progress was encouraging, and further improvements were anticipated in future IPQR reports. The NDAS work was another area of focus, with a transformation plan in place to address it. Screening processes were reported to be going well, and the emergency department's performance was highlighted as green within agreed trajectories, despite ongoing challenges.

Finally, the report praised the Treatment Time Guarantee (TTG) performance, noting that while it ranked sixth out of 15 boards for consultant-led activity, it would rank higher if nurse-led activity was included. This achievement was recognised nationally, and the overall diagnostic work was reported to be progressing well. The report concluded with plans to integrate these efforts into the annual delivery plans, which would be presented to the government at the end of January. The presenter invited questions and offered support from colleagues for any specific queries.

In discussion,

- Child and Adolescent Mental Health Services (CAMHS). Members questioned whether improvements in CAMHS were due to better counting or actual progress. The Chief Officer of Acute explained improvements were partly due to waiting list and data cleansing, and mechanisms to reduce demand on waiting lists. The Nurse Director noted the CAMHS team had strengthened, introduced two-week appointments to assess immediate needs, and broadened services, which helped reduce long waits.
- Neurodevelopmental Assessment Service (NDAS). Members suggested it would be useful to get a timeline for improvements in NDAS and delayed discharges, acknowledging the planned 30% reduction was less than the initial 65% target.
- Outpatient services and TTG. Members noted both had positive news stories and suggested a focus on underperforming areas and noted some specialties were causing problems despite overall positive performance.
- Cancer services. Members expressed difficulty reconciling cancer performance with positive diagnostic news, indicating an overall positive underlying position despite issues. The Chief Officer of Acute explained there were improvement plans for cancer, particularly breast cancer, and effort were being made to increase capacity using advanced nurses and consultant radiographers, noting challenges in recruiting consultant radiologists.
- Flu Vaccination. The Director of Public Health and Policy noted the staff flu vaccine uptake was estimated to be between 30% and 40%, higher than the Scottish average but still lower than desired. Despite significant efforts, including open access and drop-in clinics, the uptake required improvements, albeit better than national average.

After discussion, the Committee:

- **Noted** the continued and sustained pressures facing both NHS and Commissioned Care.
- **Considered** the level of performance across the system.
- **Agreed** to take **Limited** assurance.

7 Risk Register – Level 1 Risks

The report provided committee members with an overview extract from the NHS Highland Board risk register that were relevant to the FRP Committee. The paper was provided to give

an awareness of risks that are being considered for closure and/or additional risks that needed to be added.

The Chair asked if the committee was satisfied for the Fire Protection risk to be removed and New Craigs PFI risk to be downgraded on the register as proposed in the report. Regarding the Fire Protection risk item, the Director of Estates confirmed that mitigation was in place from ring-fenced capital allocation, and that Scottish Fire and Rescue service was happy with the mitigation proposal. It had been recommended that the risk be moved off the risk register and positioned as a level 4 risk to be managed by Fire Officers, and reduced as each phase is carried out in Raigmore.

The Director of Finance noted that the downgrading of the New Craigs risk item was due to having received assurances that a safe building would be returned to the organisation from the contractors to satisfy clinical risk requirements. Amendments and additions to some of the Finance risk items were also noted.

The Committee agreed that the New Craigs PFI risk item should remain as it stood on the register until the point of transfer between the contractors and the Board had concluded.

After discussion, the Committee:

- **Noted** the content of the report.
- **Agreed** to take **substantial** assurance
- **Agreed** to remove the Fire Protection item from the risk register.

8 Annual Review of Committee Terms of Reference

The Board Secretary noted that all of the Board's governance committees were reviewing their Terms of Reference as part of the governance cycle. The Committee were reminded that they had made some changes to the Terms of Reference in September 2024 and that no further changes had been proposed.

After discussion, the Committee:

- **Noted** the content of the report.
- **Agreed** to take **substantial** assurance from the report.
- **Agreed** to make no further changes to the current Terms of Reference, and
- **Noted** that the ToR would be submitted to the Audit Committee and the Board for approval in March 2025 and included in the updated Code of Corporate Governance thereafter.

9 2025/26 and 2026/27 Meeting Schedules

The committee **Noted** the dates provided as follows:

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| 7 February 2025 | 8 May 2026 |
| 14 March 2025 | 5 June 2026 |
| 4 April 2025 | 10 July 2026 |
| 9 May 2025 | 7 August 2026 |
| 6 June 2025 | 11 September 2026 |
| 11 July 2025 | 2 October 2026 |
| 1 August 2025 | 13 November 2026 |
| 12 September 2025 | 4 December 2026 |
| 3 October 2025 | 8 January 2027 |

14 November 2025
5 December 2025
9 January 2026
6 February 2026
13 March 2026
10 April 2026

5 February 2027
12 March 2027

The Committee Noted the meeting schedules for 2025/26 and 2026/27.

10 ANY OTHER COMPETENT BUSINESS

The Chair noted that the Board Secretary would shortly circulate the link to the committee self-assessment and that the committee would review the results at a future meeting.

11 DATE OF NEXT MEETING

The next meeting of this committee on Friday 7th February from 9.30 am.

The meeting closed at 11.20 am