

Finance & Resources Committee



Minutes of a meeting of the **Finance and Resources Committee** held on Thursday 23 January 2020 at 2.00pm in the Board Room, Newstead.

Present: Dr S Mather, Vice Chair (Chair)
Mrs F Sandford, Non Executive
Cllr D Parker, Non Executive

In Attendance: Miss I Bishop, Board Secretary
Mrs K Hamilton, Chair
Mr R Roberts, Chief Executive
Mrs C Gillie, Director of Finance
Dr C Sharp, Medical Director
Mrs J Smyth, Director of Strategic Change & Performance
Mrs S Swan, Deputy Director of Finance
Mrs H Fairburn, Head of Capital Planning
Mrs S Horan, Associate Director of Nursing
Mr Mike Porteous, Chief Financial Officer Health & Social Care

1. Apologies and Announcements

Apologies had been received from Mr Malcolm Dickson, Non Executive, Mrs Nicky Berry, Director of Nursing, Midwifery and Acute Services and Mr Rob McCulloch-Graham, Chief Officer Health & Social Care.

The Chair welcomed Mrs Sarah Horan, Associate Director of Nursing, Mrs Hannah Fairburn, Head of Capital Planning and Mr Mike Porteous, Chief Financial Officer Health & Social Care.

The Chair confirmed the meeting was quorate.

2. Declarations of Interest

The Chair sought any verbal declarations of interest pertaining to items on the agenda.

The **FINANCE & RESOURCES COMMITTEE** noted there were none.

3. Minutes of Previous Meeting

The minutes of the previous meeting of the Finance & Resources Committee held on 29 November 2019 were amended at page 5, last paragraph, line two replace “leavers” with “leadership” and with that amendment the minutes were approved.

4. Matters Arising

4.1 Action 6: Mrs Carol Gillie advised that she would report back to the Committee at the next meeting on 19 March 2020.

The **FINANCE & RESOURCES COMMITTEE** noted the action tracker.

5. Finance Report for the 7 month period to 30 November 2019

Mrs Carol Gillie provided an overview of the content of the report and highlighted that the Board was reporting an overspend of £160k and break even on capital. She continued to forecast break even with the support of £8.3m of brokerage funding which due to scrutiny, controls being in place and a number of unplanned underspends coming to fruition had decreased from the previously reported £9.3m. In terms of savings £5.1m had been identified and £3.8m had been retracted from budgets. Whilst a small number of new financial pressures had appeared in November and continued into December she was confident that they would not significantly impact on the forecast year end position.

Mrs Sarah Horan advised that due to a demand on beds in early November, the surge bed contingent had been opened earlier than planned. There would be a cost pressure in terms of agency spend associated with the surge beds being opened.

The Chair enquired about progress in terms of reducing pressures in the set aside and delegated functions as per page 7 of the report. Mrs Gillie advised that the detail of the pressures and actions being taken to address them was detailed on pages 10 and 11 of the report.

Mrs Horan further advised that whilst some of the surge beds had been closed, they had had to be reopened with funding provided from the winter plan. There remained some agency and off contract nursing staff in circulation however she expected that provision to reduce.

Mr Mike Porteous reminded the Committee of the planning savings profile that had been presented to it before Christmas and advised that it continued to be firmed up to provide robust figures moving forward. The key transformation plans continued to progress and there were no further savings plans identified to increase the level of savings in the current financial year. He advised that he continued to look for flexibility in current operational budgets. He further commented that there was a new finance business partner in the Finance Department which would assist in reviewing operational budgets and GP spend to manage the gap in delivery of savings.

The Chair noted that there appeared to be more expensive drugs for cancer treatments being made available. Dr Cliff Sharp commented that there were treatments available that would prolong life and often the price of the drugs involved were expensive although volumes were small. Discussions and debates with Oncology colleagues in NHS Lothian continued and Dr Sharp was aware that there could be a need for an East Region position to be agreed. He further commented that it was a prime example of where the realistic medicine ethos should be used.

Mrs Gillie clarified that the number of patients being treated with high cost drugs had increased, as it had in other Health Boards. However the funding to manage the increase in demand for high cost drugs was not available.

Mr Ralph Roberts commented that there was a disconnect between realistic medicine and the access to and affordability of high cost drugs which made it difficult to forward plan.

Mrs Horan commented that there appeared to be a trend whereby whilst cancer therapies were effective and people could live longer, they were often the victim of an unrelated cancer later in life.

Mrs Susan Swan commented that in terms of horizon scanning information was shared from the national networks and reviewed by National Services Scotland to assist health boards in planning for activities and estimated price levels, however they were often significant financial pressures. She gave the example of information that had been released on Monday in regard to a certain drug that cost in the region of £1.3m per person and it was anticipated that there could be in the region of 10 people across Scotland who would be prescribed the drug which meant a cost of £13m to be shared across health boards. Mr Roberts assured the Committee that in regard to very expensive drugs the organisation entered into a risk sharing agreement whereby all health boards paid into a pot on an NRAC basis to cover such events.

Mrs Fiona Sandford enquired about the approval and availability route for new drugs. Dr Sharp clarified that the Scottish Medicines Consortium (SMC) was the Scottish equivalent of the National Institute for Health and Care Excellence (NICE) and had been set up to approve drugs for NHS use. However that system was on occasion subverted by people, patient advocacy groups and pharmaceutical companies to bypass the process, with the outcome that some cancer drugs were both introduced without SMC approval and were high cost and the level of added benefit to the patient was not fully evidenced. He confirmed that the intention was to wait for SMC approval before prescribing new drugs.

The Chair enquired about how the situation was handled in NHS Borders and Mr Roberts commented that currently controls were used in terms of influencing clinicians and receiving projections.

Cllr David Parker enquired if NHS Board Chairs could raise the matter at their meeting with the Cabinet Secretary, given the public were often of the view that all drugs were fully funded, when in fact that was not the case. Mrs Sandford suggested the Chairs Group might discuss the matter and come to a position to be able to support the Chief Medical Officer in raising the matter.

Cllr Parker welcomed the format of the finance report as well as the improving position in regard to the reduction in brokerage requirements.

The **FINANCE & RESOURCES COMMITTEE** noted the report and considered the current financial position and the forecast year end outturn.

6. Financial Turnaround Programme – Progress Report

Mrs June Smyth gave an overview of the content of the report and highlighted that: the Project Management Office (PMO) manager had been appointed and commenced in post; there were on-going discussions with Scottish Borders Council and Integration Joint Board colleagues in regard to joint space and informing the joint financial plan; confidence was high that the £7.1m of mandated savings would be achieved and cash would be retracted from budgets; and some of the non-recurring savings had been secured earlier in the week.

Mrs Karen Hamilton welcomed the news that the PMO manager was in post and suggested as part of their induction that they were invited to a future Finance & Resources Committee meeting as an observer.

The Chair enquired about clinical leadership engagement. Dr Cliff Sharp advised that he felt there was good engagement in the clinical fraternity, however as in all areas there would be those that were fully engaged and proactively making changes, some who were partly engaged and others who did not want to engage.

Mrs Smyth commented that there was a level of clinical leadership across the organisation that worked well and the new Turnaround Director role would further assist in enabling clinical leaders to move forward with the turnaround agenda.

The Chair enquired about the risk in terms of sub-contracting activities with NHS Lothian. Mrs Carol Gillie confirmed that data was being provided.

The Chair enquired about monitoring of job planning. Dr Sharp advised that job planning continued, was being uploaded to the system, was being monitored and he anticipated that a few would require some further direction.

Mrs Karen Hamilton noted the risk register and enquired about the fundamentals of closing a risk and keeping one open for monitoring and exception reporting. Mrs Smyth commented that the risk register was reviewed every 2 weeks outwith the Programme Board and highlighted the 3 key issues to discuss with the Programme Board. Some risks were on the register although they did not require resolution at the present time. She suggested that as the PMO manager was in place, part of their remit would be to revisit the process.

The **FINANCE & RESOURCES COMMITTEE** noted the report.

7. Financial Turnaround Programme – Proposed Governance Structure

Mrs June Smyth provided an overview of the content of the report and highlighted the feedback received over the previous year and the blended approach to be taken forward.

Mrs Karen Hamilton commented that it was difficult to comment on the proposed structure until it had been tested to see how well it did or did not work. Mrs Smyth commented that it had been tested and showed the different stages of each Clinical Board and the support services who had come together as a business unit. She also commented that it highlighted on a business unit level instead of a workstream level and to date there had not been any cross sector challenge.

The Chair welcomed the proposed governance structure and suggested it would transform the way the organisation worked into a more business systems process. He suggested the Committee might like to receive feedback on progress with implementation at the next meeting.

The **FINANCE & RESOURCES COMMITTEE** provided feedback on the revised governance structure.

The **FINANCE & RESOURCES COMMITTEE** provided tacit approval to the proposed governance structure being cognisant that the structure would be an on-going evolution in terms of how it would work.

The **FINANCE & RESOURCES COMMITTEE** requested an update be provided to the next meeting.

8. External Review – BOLD End of Engagement Report & Action Plan

Mrs June Smyth provided an overview of the content of the report. She advised that a quarterly report would be provided to the Committee in future.

The Chair enquired about recommendation 6 in terms of progress with working in partnership with Scottish Borders Council (SBC) given it had been successful to a point with the input of the Integration Joint Board (IJB) and there was a need to ensure continued engagement. Mr Ralph Roberts agreed that engagement had to continue and he was keen to progress the single health and care plan for both organisations to set out a single vision, single set of objectives and an implementation plan. He emphasised that it would have implications for both SBC and NHS Borders in terms of acceptance to working in a joint space and taking a step back in terms of both organisations processes and ownership.

Mrs Karen Hamilton enquired about the timetable at recommendation 6. Mrs Smyth advised that the matter was currently a work in progress, conversations were underway and the Executive Management Team (SBC and NHS Borders) had discussed joint financial planning, however the lack of a financial settlement for public bodies was making further progress difficult. She further commented that there was a strategic plan that was cross referenced to both organisations, but in effect there were 3 strategic plans (SBC, NHS Borders, IJB) and the intention was to produce a single plan with an agreed timetable for implementation for the future.

Mrs Hamilton questioned how recommendation 9 would be delivered in terms of owner for the delivery of objectives. Mrs Smyth advised she would tease that recommendation out further.

Mrs Fiona Sandford enquired in regard to recommendation 2, if the governance structure was altered, if that would assist challenge and positive tension as a driver of change. Mrs Smyth commented that it had already assisted in a change in behaviours, which those who had attended the Turnaround Programme Board meetings had been exposed to. Mr Roberts suggested revising the action taken element of the recommendation to make reference to the governance structure and its contribution to enabling a change in behaviours.

Cllr David Parker enquired how much the organisation had invested in financial systems. Mrs Carol Gillie commented that the organisation was locked into national financial systems, however there was work to be done in terms of housekeeping and ensuring financial reports were run in a useable format for budget-holders.

Cllr Parker enquired if the financial systems were restrictive. Mrs Susan Swan commented that in terms of being a transactions process system they were good, however they were weak in terms of being a financial reporting system. She advised that new financial dashboard product had been looked at and tested regionally with the intention of rolling it out at NHS Borders. The new dashboard would enable budget-holders to view their financial position in relative real time and with ease.

Cllr Parker suggested a review on spend might identify some spending to be redirected to savings. Mrs Gillie commented that another review was unlikely to identify any significant further spending for redirection to savings, however she was mindful that the ability of managers to be able to manage their budgets was variable across the system and she was keen to ensure training was provided to enable managers to succeed in that task.

Mr Mike Porteous commented that NHS Lothian used the system “tableau” which had enabled budget-holders to take responsibility for their financial information, view it in virtually real-time and then make their conversations with their financial business partners more effective.

The **FINANCE & RESOURCES COMMITTEE** noted the report and approved NHS Borders response and action plan and agreed that it would be shared with the Scottish Government.

The **FINANCE & RESOURCES COMMITTEE** agreed that the final report be shared with all Board members.

9. External Review – Redpoll Follow Up Action Plan

Mrs June Smyth advised the Committee that the point had been reached to close off any residual actions from the two reports that had been commissioned in 2018 (External Review by the Director of Finance of NHS Lanarkshire and the Redpoll Report). An action plan had been developed for each report and the intention was to close those actions that were completed and combine any actions that remained active into the BOLD action plan to ensure all actions were captured and addressed in one single action plan.

Mrs Fiona Sandford sought assurance that the service redesign action, in regard to producing a strategic plan for the next 10 years for local health services, was being addressed. Mrs Smyth confirmed that the matter would be addressed as it had been put on hold for a period of time as the organisation moved into turnaround and it would be picked up later in the year.

Mrs Karen Hamilton suggested any actions transferred to the BOLD action plan be identified in terms of the original report they came from.

The Chair enquired where the action from the External Review report, relating to the Integration Joint Board delivery of savings would be picked up. Mrs Smyth commented that it would be transferred to the BOLD Action Plan and Mrs Carol Gillie commented that whilst it would be difficult to close off that action, she anticipated that a balanced plan would enable closure to occur and she suggested it be absorbed into the actions to return the Board into financial balance.

The **FINANCE & RESOURCES COMMITTEE** noted the progress identified contained within the action plans and agreed to close both action plans, with the understanding that the item on the delivery of IJB savings would continue to be picked up as part of the financial planning agreement of the Boards’ 3 year financial plan.

The **FINANCE & RESOURCES COMMITTEE** further agreed that the action in regard to a 3-5 year recovery plan (Redpoll Report Action 5) also be picked up as part of the financial planning agreement of the Boards’ 3 year financial plan.

10. Indicative 5 Year Capital Plan Update

Mrs Hannah Fairburn provided an overview of the content of the report. She advised that the report set out the priorities for capital projects with some requiring feasibility work to be completed and costs to be scoped out over the coming months. She highlighted that the capital plan could not fund all of the projects identified, however a proportion of priority projects would have capital allocated to them in the next financial year.

The **FINANCE & RESOURCES COMMITTEE** noted the indicative capital plan for 2020/21 as submitted to Scottish Government as part of the Board's draft Annual Operational Plan.

The **FINANCE & RESOURCES COMMITTEE** noted the uncommitted sums held for prioritised projects (£0.5m) and the sum for financial turnaround projects (£0.547m). The projects which will be progressed with this funding will be finalised in the coming months.

The **FINANCE & RESOURCES COMMITTEE** noted the further work required to feasibility assess and develop business cases for the prioritised capital projects.

The **FINANCE & RESOURCES COMMITTEE** noted the indicative capital plan for the 4 year period 2021/22 to 2024/25.

The **FINANCE & RESOURCES COMMITTEE** noted the requirement for additional capital planning project management resource to deliver the indicative capital plan 2020/21.

11. Annual Operational Plan 2020/21 – Additional return required on Digital Health & Care

Mrs June Smyth provided an overview of the content of the report.

The **FINANCE & RESOURCES COMMITTEE** noted the report.

12. Annual Operational Plan – Financial Plan Submission

Mrs Carol Gillie provided an overview of the content of the report and highlighted the key elements including: Directors of Finance had been asked to submit two scenario financial plans, one assuming a 2% uplift and one assuming a 3% uplift; and that based on her personal assessment on developing a savings programme she anticipated that a maximum of £5m of savings would be delivered in year next year and in future financial years. That would have an impact on the level of non-recurring savings and brokerage required each year and the recurring deficit.

Mr Ralph Roberts advised that a letter had been received from the Scottish Government about the financial plan and sought a further look at the £2m deficit at the end of the 4th year. The Scottish Government was keen that the organisation achieve a zero deficit.

Mr Roberts commented that the Scottish Government had been complimentary on the grip and control the organisation had around savings at this point in time. Mrs Gillie commented that some health boards that were in escalation were not on course to achieve their targets for 2019/20 and had actually increased their need for brokerage and by comparison we were doing well.

Mrs Fiona Sandford enquired of the possibility to get to zero by the end of the 4th year. Mr Roberts commented that another version of the plan was due for submission by the end of February 2020 and at that point it should be raised if it was clear that a zero position would not be achievable.

Mrs Sandford asked that it be formally recorded that the Scottish Government were pleased with the progress made to date.

In regard to future timescales, Mr Roberts commented that the Board would receive an update at the Strategy & Performance Committee on 6 February, and the budget would also be announced that afternoon. The Annual Operational Plan was due to be submitted by the end of February subject to formal Board approval, given the next Board meeting was scheduled for 5 March.

The Chair suggested given the importance of the matter that the Committee should have an extra ordinary meeting before the end of February in order to review the final submission and provide the Board with assurance on its qualification for approval.

The **FINANCE & RESOURCES COMMITTEE** noted the content of the draft financial plan which was submitted as part of the Annual Operational Plan.

The **FINANCE & RESOURCES COMMITTEE** agreed to hold an Extra Ordinary meeting to receive the Annual Operational Plan and Financial Plan on Thursday 27 February 2020.

13. Indicative Baseline Provision of 2020/21 Resource to the Health and Social Care Integration Joint Board

Mrs Carol Gillie provided an overview of the content of the report and highlighted that it was part of the annual process for agreement to the level of resources to be provided to the Integration Joint Board (IJB). The proposed level of £135.46m was an indicative figure for planning purposes and the final figure would be formally agreed by the Board in due course when the Board's financial plan was signed off. Mrs Gillie commented that the figure was based on the 2019/20 recurring budget level uplifted for pay, prices inflation and cost pressures less a target level of savings; and the process was in line with the approach taken for the other business units. She further anticipated that the resources provided to the IJB, with the exception of the social care fund and the transformation fund, would be directed back to the Board and a savings programme would be required to be developed. Mrs Gillie advised that she assumed that once the financial plan was agreed and brokerage confirmed, a share of the brokerage and non-recurring measures to support the financial plan would be allocated to the IJB.

The **FINANCE & RESOURCES COMMITTEE** noted that provision of resource to the IJB for delegated functions and budgets set aside for the large hospitals element had been set on a pragmatic roll forward of 2019/20 resources, rather than established on the basis as outlined in the Integration Scheme.

The **FINANCE & RESOURCES COMMITTEE** approved the 2020/21 indicative provision of resource to the IJB at £135.46m, including £24.14m of resource set aside for the large hospitals element, for it to undertake the functions delegated to it. This included the recurring social care fund and the ring fenced fund (Integrated Care/Transformation Fund). The IJB is required to deliver an estimated £4.42m (delegated services) and £1.15m (set aside) of recurring savings in year to support the level of resources provided. The final amount of resources provided for 2020/21 will be agreed by the NHS Borders Board in due course.

The **FINANCE & RESOURCES COMMITTEE** noted that further resources would be provided to the IJB when additional allocations were received. This would include a share of any brokerage received by the Board and a share of any non-recurring measures put in place to deliver financial targets in 2020/21.

14. Any Other Business

Mrs Susan Swan advised the Committee that as part of the Annual Assurance Statement process to inform the NHS Borders Governance Statement, she would be writing to all Governance Committee Chairs with a suggested template to pick up key elements of the workload of the Committees.

15. Date and Time of next meeting

The Chair confirmed that the next meeting of Finance & Resources Committee would take place on Thursday 19 March 2020 at 10.00am in the Board Room, NHS Borders, Newstead, however an Extra Ordinary meeting would take place on Thursday 27 February 2020.

The meeting concluded at 3.30pm.

Signature:

Chair