

Finance & Resources Committee



Minutes of a meeting of the **Finance and Resources Committee** held on Thursday 18 July 2019 at 3pm in the Board Room, Newstead.

Present: Mr M Dickson, Non Executive

In Attendance: Miss I Bishop, Board Secretary
Mrs K Hamilton, Chair
Mr R Roberts, Chief Executive
Mrs C Gillie, Director of Finance
Mrs N Berry, Director of Nursing, Midwifery & Acute Services
Mrs J Smyth, Director of Strategic Change & Performance
Dr Cliff Sharp, Medical Director
Mrs A Wilson, Director of Pharmacy
Mrs C Smith, HR Team Manager
Mr M Porteous, Chief Financial Officer, IJB

1. Apologies and Announcements

Apologies had been received from Mrs Fiona Sandford, Non Executive, Cllr David Parker, Non Executive, Mr Robert McCulloch-Graham, Chief Officer and Mrs Susan Swan, Deputy Director of Finance.

The Chair welcomed Mr Mike Porteous, Chief Financial Officer IJB who was deputising for Mr Robert McCulloch-Graham.

The Chair welcomed Mrs Claire Smith, HR Team Manager and Mrs Alison Wilson, Director of Pharmacy to the meeting.

The Chair confirmed that although the meeting was not quorate it would proceed given the importance of the items scheduled on the agenda.

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 19 June 2019 were approved.

4. Matters Arising

- 4.1 Action 5:** Mr Mike Porteous advised that SB Cares were charged with a target of £1.5m savings over 5 years and had a target for 2019/20 of £480k. They were on track to deliver those savings which would refer back to Scottish Borders Council when delivered. He emphasised that over and under spends were treated the same as in any other service that was a delegated function to the IJB which those spends offset against the relevant Scottish Borders Council or NHS Borders budgets. Mrs Carol Gillie challenged if the Integration Joint Board (IJB) were aware of the situation in regard to SB Cares savings, as she recalled it may have been an arrangement applied when the IJB was in shadow form. The Chair suggested the matter be referred to the IJB itself as it was the principles that would need to be clarified and agreed so that they could be applied moving forward. Mr Porteous agreed to take the matter forward and report back to the Committee.
- 4.2 Action 6:** It was noted that the update was technically correct, however those present suggested the Action be reopened and a view taken in 6 months time as to whether a voluntary severance programme should be pursued. That would be as part of the concept of an integrated financial framework for the future funding of the IJB, NHS Borders and Scottish Borders Council.

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

5. Review of Finance & Resources Terms of Reference

The Chair sought any suggested amendments to the Terms of Reference. He advised that both Mrs Karen Hamilton and Mr Ralph Roberts were undertaking a review of the Strategy & Performance Committee (S&PC) Terms of Reference which may affect the Finance & Resources Committee's terms of reference further. He suggested they be reviewed again after the S&PC terms of reference discussions had concluded.

The **FINANCE & RESOURCES COMMITTEE** reviewed the Terms of Reference and made amendments for recommendation to the Board for ratification.

6. Financial Turnaround Programme Progress Reports

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

The Chair commented that he welcomed the programme tracker reports that were circulated on a weekly basis and he suggested that in regard to slippage with the Primary Care Improvement Plan it should be highlighted on the risk register. Mrs Smyth advised that it was captured at risk 8 on the register which referred to primary care engagement.

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

7. Financial Turnaround Programme – Mid Programme Review

Mr Ralph Roberts provided an overview of the content of the report. He advised that although progress had been made it was inconsistent across the organisation. He suggested the programme be embedded

as a change programme across the organisation to ensure delivery and momentum was sustained from when Bold left the organisation at the end of August and beyond.

Mrs Karen Hamilton commented that her main concerns were in regard to engagement in the process across the organisation and challenging areas of resistance. She advised that Mr Tris Taylor had also emailed her and raised interesting points about engagement as well as in regard to rewards to encourage better performance and if the workload was equitably shared.

The Chair suggested that there was almost a law of diminishing returns and some actions that were planned would be addressed, however he enquired if executives were sighted on the resistance areas. Mr Roberts commented that sometimes it was staffing groups and sometimes it was service issues, historically medical staff were the most difficult staff group to engage with and he assured the Committee that he was aware of areas where progress was and was not being made.

Further discussion focused on: clinical engagement slow to develop; service improvement ideas; less cash releasing ideas; clinical alliance input; the bigger picture; hard decisions to be made on big ticket savings plans; expectations from the Board; briefing politicians; and regular high level messages to the organisation.

Mrs Karen Hamilton suggested members of the Committee might visit the Project Management Office to see at first hand what activity was occurring.

The **FINANCE & RESOURCES COMMITTEE** noted and provided feedback on the report.

8. 3 Year Financial Plan Assumptions

Mrs Carol Gillie took the Committee through the 3 year financial plan assumptions and highlighted several elements including: 2019/20 outturn position; national, regional and local drivers for 2020-2022; ability to close surge beds; assume £9m-£13.3m gap at the close of this financial year; gap in each of the next 2 financial years anticipated to be £3m-£4m; and risks and mitigating actions.

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

9. 3 Year Savings Forecast

Mrs Carol Gillie and Mrs June Smyth took the Committee through the 3 year savings forecast and highlighted several elements including: 2020-2022 savings outlook; cannot continue to use capital to revenue; target alternative sources of recurrent funding; ideas pipeline; clinical alliance link to clinical engagement strategy; think different branding; big ticket ideas; deconstruction sessions; key risks; next steps; and setting specific and increasing targets for identified and for mandated savings for each known date of a Finance and Resources Committee, culminating in full year targets in line with the Financial Plan.

Dr Cliff Sharp enquired of the consequences of submitting a 3 year financial plan to Scottish Government in October where the numbers did not add up. Mrs Gillie advised that it would be down to her and Mr Ralph Roberts to have the conversation with Scottish Government around that scenario and she assured the committee that she was working hard to ensure such as scenario did not occur.

Mr Roberts advised that he had spoken to Scottish Government colleagues about financial balance in 3 years and whether it might mean brokerage to get to year 3. He was keen that brokerage would not be the case however if the recurring deficit did not move substantially downwards progressively, a difficult conversation with Scottish Government would again have to take place.

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

Mrs June Smyth left the meeting.

10. Prescribing Decisions

Mrs Alison Wilson provided the Committee with an overview of prescribing and decision making. She highlighted: some of the areas for potential savings without compromising patient care outside of using licensed products; the risks associated with not using licensed products; reuse of medicines; clinical decision making; and homecare and VAT implications.

The Chair enquired if there was enough detail in the paper to take it to the Board. He appreciated it was a technical issue that would be difficult for the Board to be well sighted on. Mrs Wilson advised that in terms of clinical assurance she was taking the paper to clinical directors the following week for comments.

The Chair suggested the inclusion of a light touch risk assessment for each of the issues to enable the Board's understanding. He further suggested producing options for a set of principles in each of the question areas to enable informed decision making by the Board, given clinicians would make informed decisions based on patients or the efficacy of the drugs involved.

Mrs Carol Gillie commented that work had commenced on pricing up things on the wards such as the cost of an MRI scan, etc. Dr Cliff Sharp welcomed the initiative to bring a budgeting focus down to the front line for staff to understand.

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

Mrs Nicky Berry left the meeting.

11. Draft workforce plan and projection

Mrs Claire Smith took the Committee through the draft local workforce plan and local 3 year workforce projections. During the presentation she highlighted: projected population change by age group; NHS Borders staff by age profile; methodologies; recruitment and retention strategy; turnover rates and trends; impact of imatter; and workforce analytics.

The Chair enquired if some of the context of the presentation had arisen from the Audit Scotland report on workforce planning. Mrs Smith confirmed that it had and some of the indicators locally had come from that as well in order to ensure there was a structured workforce planning group.

The Chair enquired if the NHS Borders data was used on a standardised national system to allow benchmarking. Mrs Smith advised that there was a national HR system which enabled comparisons against other Health Boards to be made as well as using the ISD comparison data.

The Chair commented on the number of healthcare support workers (HCSWs) being 10 per year and enquired if that was over a certain number of years. Mrs Smith advised that it was over 3 years as there were difficulties in recruiting registered nurses and HCSWs could be appointed and trained up to fill the skills gap. She commented that several other Boards had taken the same approach and it was helpful to HCSWs to provide them with a career pathway.

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

12. Any Other Business

12.1 Business Cycle 2020

The **FINANCE & RESOURCES COMMITTEE** agreed the Business Cycle for 2020.

12.2 Allocation of Brokerage and Non Recurring Savings to the Business Units.

Mrs Carol Gillie tabled a spreadsheet regarding a proposal on the allocation of brokerage. She reported on the month 3 financial position and financial gap for 2019/20 of £21.7m with £12.7 allocated to business units. The spreadsheet proposed to allocate out the rest of the unmet recurring balance and then provide business users with a share of the brokerage. A share of the non recurring savings targets were then applied to each business unit with a minimum remaining financial target to be achieved at the end of the financial year.

The Chair enquired how the figures for each business unit were allocated. Mrs Gillie commented that £12.7m had already been decided and the balance left was then allocated on the same basis, then brokerage and non recurring savings were applied to off set it.

Mr Mike Porteous commented that he had been through the formula with Mrs Susan Swan and he had expected to see a range of options or 1 or 2 on how the corporate and brokerage elements would be assigned. The issue he had was the way in which the savings were approached, in terms of Primary and Community services and their budgets as they had 28% ring fenced and therefore their ability to deliver savings was reduced by that 28% and it made it harder for business units to identify and deliver savings and he was not sure that had been taken into account and was not in the way turnaround targets were set. Mrs Gillie advised that she had made the same point with non pay and for them to be excluded and they were excluded from the non pay workstream as she had asked for it to be taken out for the exact reasons Mr Porteous had just outlined.

Mr Ralph Roberts commented that he expected in some workstreams certain budgets such as GMS, were excluded but in others they were not. He understood the point Mr Porteous was making and the challenge was that this issue was raised in Primary and Community Services, however it could also be described for other workstreams The Chair commented that the original question had been about ring fenced funding and whether that had been taken into account. Mrs Gillie advised that she would need to check that point.

Mrs Gillie further advised that the figures had been locked down for the year. Mr Porteous commented that he would like to see a few options, such as 1 on the basis of budget and 1 on the basis of turnaround targets so that they would clearly show the different ways in which those savings and brokerage could be distributed.

Mr Roberts reminded the Committee that it was an NHS Borders Board decision in regard to the allocation of funding and agreeing any application of brokerage and non recurring savings across the business units. It would mean that the Integration Joint Board would be set a savings target of £6.4m and then after brokerage and non recurring savings were applied it would be measured again with a final £2.8m target to be achieved at the end of the financial year 2019/20 which was an improvement on the original situation.

The **FINANCE & RESOURCES COMMITTEE** noted the allocation of brokerage.

13. Date and Time of next meeting

The Chair confirmed that the next meeting of Finance & Resources Committee would take place on Monday 23 September 2019 at 12noon in the Board Room, NHS Borders, Newstead.

The meeting concluded at 5.25pm.

Signature:

Chair