

Performance Governance Committee – Minute of Meeting
Monday 4th December 2017
Meeting Room 1, Eglinton House, Ailsa Hospital

1.0 Attendance

Present

Mr Robert Martin	Chair
Ms Laura Brennan-Whitefield	Non-Executive Member
Mr Stewart Donnelly	Non-Executive Member
Ms Claire Gilmore	Non-Executive Member
Mr Stephen McKenzie	Non-Executive Member
Mr Ian Welsh	Non-Executive Member

In Attendance

Mrs Kirstin Dickson	Director for Transformation & Sustainability
Mr Derek Lindsay	Director of Finance
Mrs Frances Forsyth	Committee Secretary (Minutes)
Mr Iain Fairley	} <i>for item</i> 5.8/8.4
Ms Thelma Bowers	

1.1 Apologies

Mr John Burns, Dr Martin Cheyne, Mr Alan Hunter

2. Declarations of interest

There were none.

3. Minutes of previous meetings:

5th June 2017
10th August 2017

The minutes of both meetings were approved as an accurate record.

4. Matters Arising

- 4.1 The Director of Finance confirmed that it had not been possible to close any of the 'unfunded' beds and that a further 12 were planned to be opened at University Hospital Crosshouse for frail elderly patients. One of the Non Executive Directors asked what the profile of the patients occupying the 112 'unfunded' beds was, and heard that they were predominantly elderly patients who came through medical

admissions and that the majority of delayed discharges were South and North partnership based. The Director for Transformation & Sustainability noted that the Winter Plan demonstrated the considerable work being done to address this situation and confirmed that the North Partnership had progressed with the implementation of measures to this end.

- 4.2 Report on performance issues by Sir Harry Burns – the Committee heard that the report had been published shortly before the meeting and that it would be on the agenda for discussion at the meeting in March 2018.

5 Finance and Service Performance

5.1 Financial Management report – Month 7

The Director of Finance reviewed the financial position as at 31st October 2017 explaining that there was an overspend against the budget of £16.6 million which was worse than the £13.2 million deficit included in the Local Delivery Plan for 2017/18. In view of the position at month seven the projected outturn at the year-end was likely to exceed £20 million deficit. The following areas of particular concern were highlighted:

- In addition to the planned deficit there were a significant number of extra beds open for which there was no funding available. Committee members heard that bed closures planned as part of the business cases for the Combined Assessment units at University Hospital Crosshouse had either not happened or had been quickly re-opened due to demand. The same has happened in 2017/18 for University Hospital Ayr. Additional beds continued to be opened during 2017 with associated estimated costs of £3.2 million to 31st October 2017.
- Nursing costs represented a major pressure being £4.8 million overspent in the year to date; £3.2 million of this was attributable to the additional staff required to cover the unfunded beds. The Director of Finance noted that there were also areas where nursing staffing was over-establishment, which were being investigated. A nursing pool had been established to alleviate the requirement for agency nurses, however not all staff in the pool were being charged out to wards.
- Cash releasing efficiency savings had not all been achieved on a recurring basis in 2016/17 in both the Acute and Health and Social Care Partnerships, particularly East and North.
- Prescribing cost pressures, particularly caused by a shortage of supply for certain generic drugs and by the delays in savings from the drug Pregabalin. The Director of Finance explained that this was a consequence of an agreement made by the Scottish Government that Community Pharmacies could retain the benefit of the reduced cost of Pregabalin because of the agreement that they should have a guaranteed profit level. Committee members questioned the role of the Scottish Government and Pharmacy unit in these negotiations. One of the Non-Executive members asked what measures were being taken to address the over-prescribing of Pregabalin as some, she believed, was being used for recreational use. The Director of Finance agreed to raise this with the Prescribing Advisors.

Action: Derek Lindsay

- Costs which were not identified at the beginning of the year included additional costs for Energy and an increase in the contribution Boards must make to the Children's Hospice (CHAS).
- The target for cash releasing efficiency savings in 2017/18 in the revenue plan was £24.8 million. Committee members reviewed a table showing the amounts against each area and were concerned to note that £4.4 million of savings had yet to be identified. The North Ayrshire Health and Social Care Partnership was carrying forward efficiency savings from 2016/17 having had issues 'selling' low secure beds. The South Ayrshire Partnership had identified £1 million of savings relating to Allied Health Professions, however, some of these had been put on hold because implementing them would have a knock on effect in other areas.

The Director of Finance noted that it was hoped to pull back the trajectory of overspending in the remaining months of 2017/18 and hoped that this would mean that the deficit would be in the region of £20 million rather than in excess as was currently predicted.

The Director of Finance was asked to explain the anticipated non-core Department Expenditure Limit allocation. He explained that £6 million of revenue allocations had been requested from the Government to fund obsolescence costs, for example replacement IT equipment. In 2016/17 £4.7 million of this funding had been used and was approved by the Auditors. On the assumption that this funding would be received in 2017/18, around £5 million had been released to Acute budgets to cover the excess agency costs.

One of the Non-Executive Directors asked that national figures for emergency admissions be provided to enable benchmarking against other Local Authority areas.

Action: Derek Lindsay

The Committee discussed the need to be realistic about demand on services and suggested that there had been a lack of robustness in emergency activity projections in the Building for Better Care business case and that in future these must reflect reality. It was also requested that there be clarification between what was overspending and what was under saving. The Director for Transformation and Sustainability explained that the Board could only use the data available to create the financial models and the Director of Finance said that projections had to be built on assumptions.

The Director of Finance was asked if he anticipated any Scottish Government allocations late in the year to which he responded that there may be some benefit (lower than last year) from CNORIS, and also from the New Medicines Fund, though this would be about £0.5 million.

5.2 National Resource Allocation

Committee members noted the movement in National Resource Allocation Committee funding, hearing that Ayrshire and Arran received 7.5% of the funding available in Scotland based on population size, age, deprivation and level of

remote/rural locations. The Director of Finance explained that Ayrshire and Arran was 1% below their NRAC parity level and that as its population was decreasing he believed it unlikely that there would be any further parity allocation in 2018/19. The Committee noted that the data used to establish parity levels was quite old but were assured that information about deprivation levels in the Board area was being relayed to the Scottish Government.

5.3 Timetable for 2018/19 budget setting process

The Committee were informed that Board management, via a number of expert groups, were looking at projected cost pressures for 2018/19 ahead of the announcement of the draft Scottish budget on 14th December 2017 which would provide an indication of the level of funding likely in 2018/19.

The proposed timescales were approved which would mean that the Performance Governance Committee would expect to receive a paper detailing the final cost pressures for the year at its meeting on 12th March 2018.

5.4 Financial Planning Assumptions

The Committee noted that financial planning was required to assume either a 'flat cash' budget, or an uplift of 0.5%, which would be confirmed in the budget due on 14th December. Cash releasing efficiency savings of 3-5% were likely to be required. First call on any uplift would be increased CNORIS costs, additional maternity staffing, increased contributions to the Children's Hospice, national services costs, energy costs and increased spending on orphan and end of life drugs. A significant variable was the increased pay bill which would be negotiated nationally, although the Scottish Government would have the ability to decide whether or not it followed England. Committee members questioned whether there was a 'national pot' of money which would cover the increased pay bill, however this was unknown at this time.

5.5 Pay and Supplies Cost Pressures

The Director of Finance explained that this was a first draft of the cost pressures for 2018/19 and assumed a 1% pay award, noting that for every additional 1% the cost to the Board was £4 million extra. Committee members heard that the process of identifying cost pressures included the Section 95 officers from each of the Partnerships as well as representatives from HR and Staffside and that the Corporate Management Team had also received the report.

One of the Non-Executives commented on the significant increase in cross boundary charges. The Director of Finance explained that these were based on a three year rolling average; the cardiac activity carried out in Lothian was being scrutinised as it appeared that some procedures which could be provided in Golden Jubilee had been carried out in Lothian.

It was explained that no figure for efficiency savings in relation to property disposals could be provided until nearer the end of the year when the position on planned demolitions should be clearer.

5.6 Submission to Health and Sport Committee

Committee members received a copy of the Board's briefing paper to the Health and Sport Committee which was due to be presented by the Chairman, Chief Executive, Director of Finance and Director of the South Health and Social Care Partnership at the Parliament on 5th December.

The Committee noted and approved the content of the briefing paper.

5.7 National Forensic Adolescent Services for Scotland Unit

The Capital Planning Project Manager explained that Ayrshire and Arran had been identified as the preferred NHS Board to provide a new nationally designated forensic adolescent service which would be the first in Scotland. Following approval of Ayrshire and Arran's stage 3 application, and supporting evidence to the National Specialist Services Committee, and subsequent Strategic Assessment to the Capital Investment Group (CIG), the Board was required to prepare an initial agreement for submission to the CIG. The initial agreement was presented to the Performance Governance Committee and outlined the management, planning and governance structure which had been established for the project. The Capital Planning Project Manager noted that capital costs were indicative as no design had been completed and that should the costs increase by 10% during the Outline Business Case development, this would trigger a review in line with the SCIM guidelines.

Committee members discussed with the Head of Mental Health Services, the options and reasons for the size of the unit. It was explained that the inclusion of facilities for learning disabilities had been discounted at this stage because of the difficulty mixing the two client groups, however, the chosen site did offer scope for future expansion.

The cost of the project was also discussed, noting that it had originally been decided that this should be as 'cost neutral', as possible; the initial agreement estimated that there would be a total increase in costs of around £250,000 to be split between all Boards. Non-Executive members explored the possibility that Ayrshire and Arran may have to 'pick up' additional costs or that the unit proved unable to cope with demand. Assurance was given that the assumptions made in the initial agreement were robust.

The Performance Governance Committee approved the initial agreement for submission to the next stage of the process.

5.8 Mid Year LDP targets

The Director for Transformation and Sustainability reminded Committee members that it had been agreed that the frequency of reporting progress against the 2017/18 LDP Standards as laid out within the Local Delivery Plan (LDP) would be limited to mid and end of year in view of the fact that the data was readily available on the Boards Performance Management System.

The Committee received the mid year report and noted the challenges in delivery of the 2017/18 LDP standards.

6. Transformational Change Programme

- 6.1 The Performance Governance Committee was asked to discuss and provide feedback on the transformation proposition for creating sustainable health and care services in Ayrshire and Arran which was to be presented to the Scottish Government. The Director for Transformation and Sustainability explained that the proposal laid out the requirement for investment of £21.9 million in order to make the changes required to deliver cash releasing or productivity efficiency savings of £58 million over the next three years. The four key areas where change was needed to ensure a sustainable service in the future had been identified as: Prevention; Primary Care; Digital; and Delivery of Hospital Care. The paper reviewed the particular challenges facing the Board and included areas for development/change which had been identified in the review of services conducted by PricewaterhouseCoopers.

Non-Executive members suggested that figures should be included in the section detailing the issues which are within the control of the Board, inclusion of explanations of terminology which were not evident to the general reader, for example 'Golden Patient'; and a review of the wording of the section relating to decisions around the delivery of Chemotherapy Services.

The Committee agreed that the emphasis to the Scottish Government must be on the particular demands within Ayrshire and Arran and to stress that the additional money requested was to transform the way services are delivered to be able to meet these demands. The consequence of not receiving the cash required to take forward the transformation agenda would inevitably be a reduction in the services the Board was able to offer.

The Director for Transformation and Sustainability thanked Committee members for their feedback and agreed to review the document to reflect this.

Action: Kirstin Dickson

- 6.2 Transformational Leadership Group – minute of meetings on:

23rd June 2017

18th August 2017

21st September 2017 (draft)

The minutes of these meetings were noted.

7. Strategic Risk Register

It was noted that risks under the remit of the Performance Governance Committee centred around the Transformational Change Programme and were classified as 'high risk'.

8. Papers for Information

- 8.1 Prescribing savings and comparison to other Boards

Non Executive members of the Committee were pleased to see the focus on prescribing within Primary Care.

8.2 Nursing Investment

The Committee questioned whether there was any evidence that benefits had been realised as a result of the £3.1 million of investment in nursing. The Director of Finance advised that patient safety was at the core of this investment. There had also been measures taken to reduce the level of expenditure on agency staff, which had resulted in a halving of agency nursing spend in the first half of 2017/18, however, this had been driven up again by the additional beds which had required to be opened. It was agreed that the Nurse Director would be invited to the next meeting to present information around the nursing workforce tool and legislation regarding safe staffing; reduction in agency nursing spend; expected benefits from releasing time to care project; and the benefits from agile working of community nursing staff.

Action: Derek Lindsay

8.3 Addiction Services

A report evaluating the impact to clients and the transformation of addiction services was received by the Committee. Members were satisfied that this paper provided assurance around the additional investment.

8.4 Woodland View – post project evaluation

The Committee discussed the results of post project questionnaires which had been given to patients, relatives and staff which had indicated overall satisfaction with the new facility amongst patients and their relatives. However, staff expressed the view that there had been inadequate consultation. This finding had been a surprise to the Project Manager who had believed that there had been extensive engagement with staff, including a number of 'road shows'. The Head of Mental Health Services suggested that new ways of working inevitably took time to embed but that some changes had been implemented to address concerns raised by staff. One of the Committee members asked whether the new building had led to a reduction in stress levels among staff. The Head of Mental Health Services responded that staff levels had been low at Woodland View initially and also that figures included staff remaining in wards at Ailsa Hospital. Therefore the target for the reduction in sickness absence had been lowered. Since staffing levels had been built up, a downward trend in absence levels was now being noticed.

The Head of Mental Health Services informed Committee members that meetings were being held with the three Partnerships with a view to moving all patients still in Lochranza ward out of Ailsa Hospital by September 2018. The Director of Finance noted that the original timescale had been to move all patients out of Ailsa Hospital within two years of the completion of Woodland View. Plans were on track to achieve this for patients from the North Partnership but the South and East faced more challenging financial models.

Committee members agreed that it was commendable that the project had been completed on time and within budget.

8.5 Quarter 1 review with Scottish Government

This paper had been superceded by the submission to the Health and Sport Committee, having been originally prepared for the Performance Governance Committee due to have taken place in October 2017.

9. Any other competent business

There was none.

10. Date of Next Meeting

10.1 Monday 12th March 2018 at 13:30 – Meeting room 1, Eglinton House, Ailsa Hospital

10.2 Meeting dates 2018/19

Dates were agreed and would be circulated to Committee members for inclusion in their diaries.

Action: Frances Forsyth

Signature Date