Paper 9a

NHS Ayrshire & Arran

Performance Governance Committee – Minute of Meeting
Tuesday 3 November 2020
Via Microsoft Teams

1.0 Attendance

Present: **Non-Executive Members**

Bob Martin	Chair
Michael Breen	
John Rainey	
Linda Semple	

Board Advisor/Ex-Officio

Lesley Bowie	Chair
John Burns	Chief Executive
Kirstin Dickson	Director for Transformation & Sustainability
Derek Lindsay	Director of Finance

In Attendance:

Rob Whiteford	Assistant Director of Finance (operational Services)
Joanne Edwards	Director for Acute Services
Vicki Campbell	Interim Head of Service, Primary Care & Service Integration
Frances Forsyth	Committee Secretary (Minutes)

1.1 **Apologies**

Laura Brennan-Whitefield; Ewing Hope

2. Declarations of interest

There were none.

3. Minutes of the previous meeting – 30 July 2020

The minutes were approved as an accurate record. Approved by Bob Martin

4. Action Log

4.1 It was confirmed that the full business case for the National Secure Adolescent Inpatient unit was expected to be presented to the Committee at its meeting in January 2021.

4.2 Internal Audit of Theatre utilisation and improvement.

The Committee received an update on progress towards the completion of audit recommendations in the audit review of theatre utilisation. The Director for Acute Services explained that in spite of Covid, significant progress had been made. A new governance group had been established to scrutinise the monitoring and reporting of theatre utilisation and reporting. A standard Operating Procedure had been drafted for the management of theatre utilisation data using OPERA. Reporting of theatre cancellations and root cause analysis had been put in place.

Outcome: Committee members were satisfied with the progress made to address the audit recommendations and confirmed that no further reporting would be required to the Performance Governance Committee. The auditors would report on progress to the Audit Committee as part of their standard follow-up process.

4.3 Internal Audit: Unscheduled Care

An update on progress to address the recommendations contained in the internal audit review of unscheduled care was received by the Committee. The Director for Acute Services explained that although some progress had been made, the recommendations had not been concluded due to Covid and also due to responsible officers currently working on the redesign of urgent care. However, an Operating Procedure had been drafted and a training manual was being developed which picks up a number of the recommendations; the Acute Services Director noted that the manual would need to be expanded to include the new system – Adastra as well as Symphony.

Outcome: A further update on progress to address the actions in the internal audit review would be brought to the Committee as soon as staff were in a position to take this forward.

Action: Joanne Edwards

5. Finance and Service Performance

5.1 Financial Management report – month 6

The Director of Finance presented the financial position at 30 September 2020. The Committee looked first at information provided about the gross costs charged to the 30-40 new cost centres set up to monitor the additional costs relating to Covid-19. The Director highlighted the areas where costs exceeded £0.5 million.

- additional bed capacity including ITU and Covid wards; this was mostly for staffing costs and included the cost of staff who had been redeployed and were therefore not additional staff so there may be underspends seen in the areas where the redeployed staff have come from.

- Additional staff overtime and enhancements – this was mostly to do with infrastructure and support services where extra work and overtime were required to set up new wards etc. £700,000 has been expended in the first half of the year which is additional and above budget.

- Bank nurses, and agency staff - £1 million incurred

- Medical staffing – red and green pathways into hospital required extra programmed activities for medical staff.

- Employment of 240 additional student nurses from April to the end of August/mid September. Students in acute services were at a cost of £1.77 million. All costs associated with their employment were charged to the Covid cost centre although students were spread across a number of specialties including mental health and the community. This is an extra unbudgeted cost.

- £10 million of funding was agreed nationally to offset the loss of income to Hospices – £792,000 was passed through the Board to the Ayrshire Hospice.

- East HSCP – Expenditure of £1.3 million for the Community Hub in the first six months, this was recognised as a key part of the Board's urgent care pathway.

- North HSCP - £648,000 for student nurses for Mental Health and inpatient wards

- South – expenditure included the community equipment store where there had been additional demands.

- Social Care funding – an allocation of £7.8 million was received in several tranches during the first 6 months of the year which had been passed straight through to local councils to cover their costs including sustainability payments to care homes and PPE. Therefore from a cash flow point of view, Scottish Government advanced this payment.

Other areas highlighted by the Director of Finance:

- Acute budgets – £5.3 million underspend due largely to lower supplies costs, drug use and lower staff costs due to costs for redeployed staff being put against Covid cost centres.

  The Director of Finance explained that he has expected Scottish Government to offset underspends in acute against additional costs charged against Covid cost centres but this had not been done when the allocations in September were announced. It was noted that offsetting costs would not be as high in the remainder of the year due to services being remobilised, although there would be some, due to reduced activity levels.

- Primary care prescribing was showing an overspend of £3.3million at month 6 with a projected overspend of £6 million at the end of the year.

- Capital expenditure summary isn't usually reported in the FMR but the Director of Finance felt it was useful to see this at the mid year point; expenditure was £3 million against the capital allocation of £14 million.

- Projected outturns – the Director of Finance cautioned that there were a lot of variables which may affect the acute projection of a £6 million underspend. This is offset by the projected overspend in prescribing. The underlying deficit is held in reserves. The Board had a planned £13.5 million deficit for the year, the Director of Finance thought this would improve to £10.3 million because of Covid funding offsetting savings but prescribing would reduce this. Another uncertainty is unidentified CRES. At the moment the Board has not assumed Scottish Government will meet this, but if they do this would improve the outturn position.

In summary, the Director of Finance suggested that although there were a number of variables, it looked as if there may be some improvement on the projection at the beginning of the year.

The Chair asked about the allocations for Covid. The Director of Finance noted £7.8 million was received prior to September, that an allocation of £31 million had been received September and would expect to receive more in January. The Director of Finance also confirmed that the Board had submitted its remobilisation plan with a projected cost of £67 million and had received about £38.8 million so far. At the moment the assumption was that this would be cost neutral.

One of the Committee members asked if the £1.77 million costs for student nurses against the Covid costs include those in the partnerships. The Director of Finance confirmed that they did not, students in the partnerships were about £1 million on top of this.

Discussion took place about risk management in terms of the charges being put against the Covid cost centres and the risk that Scottish Government will look to offset these. The Director of Finance advised Committee members that internal audit had been looking at the way the Board have pulled together estimates, charges to cost centres within the ledger etc and a report is due to come to the Audit Committee in November.

Outcome: The financial position at the end of month 6 was noted.

5.2 Primary Care prescribing projected overspend

The Assistant Director of Finance presented a paper detailing the projected overspend in Primary Care prescribing and discussed how this had arisen and what could be done about it, noting the importance of differentiating between volume and price. There were three main areas which were causing the overspend:

- The Committee heard that when Covid emerged it was anticipated that the prescribing volume in March would rise by 20% due to stocking up before

lockdown and Scottish Government made £1.4 million available on a temporary basis in March to cover this but this was recovered in April. Although volumes reduced in the early part of 2020/21 it was only by £1.1 million, leaving a £0.3 million overspend.

- The price of drugs is the biggest reason for the forecast overspend. National agreements had been struck to reduce the price of drugs by £50 million across Scotland. However, the feeling is that the national agreement has only delivered 80% of the price decreases which it was intended to. There have been significant price increases in the commonly prescribed anti-depressant Sertraline and in Metformin Hydrochloride, a diabetes medicine and Paracetamol. Prices of these drugs will cause an overspend of £4.8 million in 2020/21.

- In April new arrangements with community pharmacists came into place which meant that the ‘clawback’ of additional income they earned by negotiating lower prices for drugs was no longer being returned to the Board. This has resulted in a £1.2 million cost pressure.

The Assistant Director of Finance concluded that when all these factors are brought together this creates a cost pressure of £6 million.

The mitigating actions being taken to address this were then discussed:

- Prescribing colleagues predict that anti-depressant costs will abate by £700K by the end of the year.

- The Board had been told to plan for a 1% increase in drug costs over the year relating to Covid which would equate to £800,000. This had not yet been received by the Board but the Assistant Director of Finance felt that there was reasonable assurance that it would.

These items equate to a reasonably certain £1.5 million of mitigations.

- The next step may be to put forward a case that the price rises were driven by Covid. At the moment The Board hasn’t received any non-recurrent money for Covid for prescribing overspends. The Assistant Director believed that there was a reasonable case to be made that price rises were covid related and should be funded.

- Volumes have seen a reduction of around 4% (the increases seen at the beginning of the year may have been a result of people ‘stocking up’ at the beginning of the pandemic), assuming volumes run at 2% lower than budget for the remainder of the year would provide a mitigation of around £1.2 million.

Committee members noted their concerns about the long term effect of commonly prescribed drug cost increases and also the risks associated with Brexit on the price of drugs, particularly the generic drugs which are produced in eastern Europe. In view of the risks in this area Committee members requested that

Prescribing costs be a regular item on the agenda. The Chief Executive suggested that the Pharmacy Director should be invited to the next meeting.

Outcome: The Performance Governance Committee noted the position regarding prescribing expenditure and the projected overspend of £6.3 million and likely mitigations of £1.5 million resulting in a £4.8 million worst case overspend. It was agreed to keep this item on the agenda for future meetings and to invite the Pharmacy Director to the next meeting.

Action: Frances Forsyth

5.3 COVID-19 funding and risk

The Director of Finance advised the Committee that the Board had been notified in September of an allocation of £31 million revenue and £1.26 million of capital for additional costs due to Covid. Prior to this only £7.8 million for social care costs and £792,000 for the Ayrshire Hospice had been received, both sums had been passed straight through to the Councils and Hospice. Committee members received an outline of how the Scottish Government had allocated its total £1.1 billion of additional funding to all Boards, including the national boards which had incurred additional costs relating to PPE, track and trace, mobile testing units and the Louisa Jordan hospital.

The basis of the distribution to territorial Boards was on actual costs in the first quarter of the year. The allocation for the remainder of the year is based on 70% of projected costs (50% in social care), though Scottish Government has assumed all Board costs in some areas will be equal and have therefore used the NRAC proportion. The Director of Finance noted that Scottish Government had not written a 'blank cheque' and there had been no funding for Primary Care costs (pharmacies and GPs being required to remain open during public holidays), this is expected to be received as a separate payment. Winter and Urgent Care costs are also expected as separate allocations.

The Board submitted its Remobilisation 2 plan which asked for £67 million of additional resource, this included £6 million for primary care prescribing overspend, £1.8 million for mental health and £1.3 million funding for rehabilitation. The other big risk noted were the unachieved savings of £10.8 million for which no funding had yet been received from Scottish Government.

Appendix 1 to the paper showed the forecast spend in the last three quarters of the year:

- additional beds, student nurses, overtime, etc., which Scottish Government termed 'hospital scale up' for which the Board has received £7.1 million based on NRAC share. The Director of Finance noted that allocation on the basis of NRAC meant that the amount received was less than the forecast figure and advised that this was a potential risk, although he believed that if the Board could justify an increased actual spend Scottish Government would be willing to fund it.

- 70% of the requested amount was received for ‘Test and Protect’ though Scottish Government had advised that there is no financial constraint on the number of contact tracers required.
- Equipment and maintenance costs – the projected costs of deep cleaning have increased as tougher regimes have been put in place. 70% of the projected requirement has been allocated
- Elective planned care – the full amount required has been received.
- Public health measures – the full required amount has been allocated so additional staff can be engaged allowing redeployed staff to go back to their substantive posts.

Appendix 2 to the paper showed Health and Social Care Partnership costs. It was noted that 50% of the projected costs were funded for social care, but 70% of PPE costs. There is an expectation of a further allocation in January to cover the shortfall. The Director of Finance noted that the Community hub is big expenditure and also a priority for NHS Ayrshire & Arran.

The Director of Finance advised the Committee that the risk is that costs will be higher in the second half of the year with a requirement to open additional beds while sustaining some elective capacity, although he expected an additional allocation in January and was reasonably confident that if the Board can justify spend it will be able to recover the additional costs . The Chief Executive commented that there was clear evidence to show that the West of Scotland has been worse hit by the virus. Therefore financial support on an NRAC basis is not appropriate and agreed that a strong evidence based argument that Ayrshire & Arran had been required to respond to pressures should secure additional funding.

There was uncertainty about how much of the additional Primary Care prescribing costs the Scottish Government would be willing to pick up.

Outcome: Committee members examined the financial risks relating to Covid expenditure and allocations received from Scottish Government.

6. Remobilisation

6.1 Performance Report

The Director for Sustainability and Transformation discussed the overview of unscheduled care and planned care performance, including mental health, cancer and MSK services provided in the Performance Report and addendum to this report.

Unscheduled Care - Saw activity levels drop off at the beginning of the pandemic but numbers were now increasing and were now close to pre-covid levels. The report contained infographics showing comparisons for September 2020 against the same time last year. Committee members noted that achieving the 4 hour target in ED, particularly at University Hospital Crosshouse was becoming more challenging.

The Chair of the Board commented on the large increase in the number of people waiting in ED for more than 12 hours and believed that the re-design of urgent care would not fix this as these were patients who needed to be admitted to hospital. The Director for Transformation and Sustainability agreed that the movement of patients through the acute hospital isn't facilitating the movement through ED which the Board wants. The Chief Executive acknowledged that the flow through hospital is key and gave assurance that work is underway with delivery plans having been requested from the North and South HSCPs around delayed discharges. The Chief Executive also noted the challenges created by the current need to close beds for infection control and noted that initial data was indicating that the length of stay in hospital had increased. The Director for Acute Services has been asked to review the causes of the increased length of stay and how the Board can improve routine discharge from hospital. This work is linked to the re-design of urgent care and will be brought back to the Committee. The Chair of the Board took reassurance from the Chief Executive's comments about actions being taken.

A Committee member asked about systems in place to address delayed discharges. The Chief Executive advised that it had to be recognised that the Board is seeing increased hospital admissions and that teams in the community were facing the same challenges around staffing due to Covid which is having a direct impact on the ability to transfer care from hospital. The Chief Executive had also heard that some care homes were reluctant to take transfers from hospital. The 'extreme team' were working with the South HSPC where there were particular challenges. The North HSCP were looking to extend the framework of providers of social care and potentially to create a facility in the community. The Chief Executive acknowledged that this was not the best solution for patients who should ideally be transferred from hospital to their permanent position. The Chief Executive assured Committee members that this was an area of focus for the EMT.

Elective/Planned Care - The Director for Transformation and Sustainability directed Committee members to the addendum to the Performance Report which presented the position in relation to what was set out in the Remobilisation plan.

- Waiting Lists: data for the number of patients on waiting lists as at 29 February, 31 August and 30 September 2020 demonstrated the challenge in relation to the levels of activity across the system. It was noted that the number of referrals had dropped off initially during the pandemic but as the country came out of lockdown people had been returning to access services through their GPs and referrals were increasing. Committee members heard that the data was showing the effects of the limitations in the ability to see and treat patients because it wasn't possible to do the same numbers as pre-Covid. Patients were being prioritised on the basis of urgency and clinical need, which meant that the number waiting over 12 weeks had trebled for inpatients/day cases and quadrupled for outpatients since February.

- Remobilisation of acute elective care: Committee members received information on the recovery trajectories set out as part of the remobilisation planning. The Director for Transformation and Sustainability explained that the figures were updated monthly from which it could be seen that the trajectories showed a growing challenge in the system. One of the Committee members noted that the actual numbers, particularly for CT and MRI scans were

significantly less than planned or forecast and suggested that there may need to be a re-assessment of the trajectories so as not to set unrealistic targets.

The Chair of the Committee asked how the Board intended to mitigate this in terms of communicating to patients. The Chief Executive explained that this was being considered on a national basis. Committee members agreed that there would need to be some difficult conversations with the public about the reality of the challenges facing the health system. The Chief Executive advised that Ayrshire & Arran needed to align any local messages with national messaging.

Cancer Services: Increasing numbers of referrals along with the recommencing of diagnostic services was resulting in more cancers being diagnosed and causing a reduction in the level of compliance with the 62 day cancer target. The Board is looking at measures to move this forward as soon as possible.

Diagnostic services: The result of the suspension of routine services in mid-March had resulted in an increased backlog but measures were being put in place including a mobile MRI van to provide more capacity.

Outcome: The Committee discussed the performance against targets in unscheduled care and planned care and the impact of Covid-19 on this.

6.2 Redesign of Urgent Care

The Interim Head of Service, Primary Care & Service Integration, outlined the project for the re-design of urgent care which Ayrshire & Arran is taking forward as an ‘early adopter’ with NHS 24. Committee members noted a flow diagram showing the flow from NHS 24 to the various care pathways. The new system had gone live at 08:30 on the morning of this meeting and members heard that at the time of discussion with the Committee two cases had been received from NHS 24 and had been given appointments at the minor injuries clinic within the 4 hour period. It was noted that NHS 24 would do a direct referral to the Emergency Department if they believed that the patient needed to be seen within an hour, less urgent cases which can be appointed within a four hour period will come to Ayrshire & Arran and be assessed by a clinician who will direct the patient to the appropriate pathway. This model of care is designed to reduce the number of people coming into the Emergency Department

The Interim Head of Service, Primary Care & Service Integration explained that the main risk is around workforce but measures were in place to mitigate this and daily feedback and live evaluation is taking place with NHS 24 and Scottish Government. There is also daily contact with GP practices and acute teams. Lessons learned will be shared with other Boards.

The Chair of the Board asked what measures had been taken to engage with the public. Vicki responded that there was a national group looking at this and working to find a model which would prevent people being asked for feedback at more than

one point. The plan would be available within a few days of this meeting and would be shared with the Board Chair.

Action: Vicki Campbell

One of the Committee members asked if data for the different pathways would be available. The Interim Head of Service, Primary Care & Service Integration confirmed that she was working with the Director for Transformation and Sustainability to ensure data would be available for call numbers and outcomes and comparison with 'this day last year'.

Outcome: The Performance Governance Committee considered the details of the Board's involvement in the early implementation test of change for the national programme of Redesign of Urgent Care.

6.3 Remobilisation 2 Plan – addendum

The Director for Transformation and Sustainability explained that the Remobilisation 2 Plan had been discussed with the Scottish Government Health Directorate in September 2020. Following their feedback and due to the time lapsed since the plan was submitted at the end of July, it had been necessary to provide an addendum to the plan to update on progress against key programmes of work delivered in the intervening period, including the redesign of urgent care. The Board recognised that there was a need to make the information in the Remobilisation Plan 2 available to the public. Committee members were asked to give their approval for the plan and addendum to be published on the Board's public website. It was noted that the addendum had been discussed at the Emergency Management Team (EMT) meeting the previous day and had received its support. The Director of Finance noted that the EMT had noted that the frailty pathway was missing from the diagram for the redesign for urgent care. The Director for Transformation and Sustainability confirmed that this would be updated before publication but also advised that it was an ongoing live plan and therefore the position would change as the service is implemented.

Outcome: The Committee approved the publication of the Remobilisation 2 plan and addendum on the Board's public website.

6.4 Winter planning self-assessment

The Director for Transformation and Sustainability explained that it had been the intention to bring the completed winter planning self-assessment to this Committee meeting, but due to other pressures on staff time this was not available. The Committee heard that this year winter planning had been integrated into the Annual Operating Plan which had been deferred earlier in the year due to Covid. However, winter planning was included in the Remobilisation 2 plan. The self-assessment checklist provides assurance to Scottish Government around the Board's winter planning and was due to be submitted the day after this meeting. It was agreed that the completed checklist would be circulated to Committee members by the Director for Transformation and Sustainability once it had been completed.

Action: Kirstin Dickson

Arising from the situation where the planned checklist had not been available, Committee members discussed the requirement to be flexible and agile in the way they accepted information from Board executives in recognition of the pressures caused by the current situation. Whilst wanting to provide a degree of comfort to operational staff it was also recognised that it was important that governance processes were carried out and that Committee members had the opportunity for scrutiny. The Chair agreed to discuss these points with the Chair of the Board.

Action: Bob Martin

Outcome: The Committee noted the position regarding completion of the winter planning self-assessment and agreed to receive a copy of this once it was available.

7. Risk

7.1 Strategic Risk Register

The Director of Finance explained that there had been a meeting of the Risk and Resilience Scrutiny and Assurance Group which had considered all risks before cascading to the appropriate Governance Committees and then on to Integrated Governance, the Audit Committee and finally Board. Separate risk registers had been developed for Covid and Brexit. There were five risks under the remit of the Performance Governance Committee, of these one was scored 'very high', and the others 'high'. The Committee were familiar with all of these risks, and, with the exception of the risk around backlog maintenance, all had been covered by agenda items at this meeting. The Committee noted that a 5:5 matrix showing the Likelihood v Consequence scoring had been provided for each risk as previously requested by one of the non-executives.

The Chair asked if the financial risk remained as high as it had been scored in view of the financial position outlined to the Committee by the Director of Finance earlier in the meeting. The Director of Finance agreed that the risk was based on the position prior to receipt of the £31 million of Covid funding, and explained that risks were reviewed regularly so this may result in a revised scoring at the next review.

Outcome: The Committee noted the risk management activity being undertaken and approved the risks under its remit within the Strategic Risk Register.

8. Key issues to report to the NHS Board

As part of new Governance arrangements, Governance committees are required to agree points arising from the meeting which should be highlighted to the NHS Board prior to the approved minutes being submitted.

Outcome: Committee members agreed that the following discussions should be highlighted to the next Board meeting:

- The Financial Management report for the period to 30 September was received and expenditure aligned to Covid cost centres was considered.

- Primary Care prescribing projected overspend of £6 million was discussed along with possible mitigating actions to reduce this to £4.8 million

- The financial risks relating to Covid expenditure and allocations received from Scottish Government were discussed.

- Committee reviewed the Board's performance against national targets for unscheduled and elective care, noting the impact of Covid on performance.

- The Remobilisation 2 Plan and addendum were approved for publication on the Board's public website.

Action: Bob Martin

9. Risk issues to report to the Risk and Resilience Scrutiny and Assurance Group

Outcome: No further risk issues were identified.

10. Any other competent business

10.1 There was none

11. Meeting Dates

11.1 Date of next meeting

Tuesday 12 January 2021 at 09:30

Approved: Bob Martin

Date: 12 January 2021