

Performance Governance Committee – Minute of Meeting
Friday 17 January 2020
Meeting Room 1, Eglinton House, Ailsa Hospital

1.0 Attendance

Present: Non-Executive Members

Bob Martin	Chair
Laura Brennan-Whitefield	
John Rainey	
Linda Semple	

Board Advisor/Ex-Officio

Lesley Bowie	Chairman (interim)
John Burns	Chief Executive
Kirstin Dickson	Director for Transformation & Sustainability
Derek Lindsay	Director of Finance

In Attendance:	Joanne Edwards	Director of Acute Services
	Roisin Kavanagh	Director of Pharmacy
	Frances Forsyth	Committee Secretary (Minutes)

1.1 Apologies

Michael Breen; Ewing Hope

2. Declarations of interest

3. Minutes of the previous meeting – 5 November 2019

The minutes were approved as an accurate record. Proposed by John Rainey and seconded by Linda Semple.

4. Action Log

Papers relating to the two actions - Acute reform and efficiency plan; and Performance report structure, were both on the agenda for this meeting.

5. Acute Services Plan

- 5.1 The Director of Acute Services explained that this was an 18 month plan in response to the requirement to identify transformational change and deliver financial balance including addressing the historic challenges around identifying and achieving cash releasing savings (CRES), within Acute Services.

The Committee heard that the plan took into account the national, regional and local context within which the service was required to work.

The Director of Acute Services outlined the approach which had been taken to develop the plan, noting particularly the importance of engaging staff and the focus on identifying why reform was required and how this would benefit the service. The plan had been developed from the 'bottom up' with each department being asked for an interventions template outlining how they would achieve 3% CRES in 2020/21 which would be tracked monthly. The Director of Acute Services noted that this approach had engaged and excited teams who were keen to see improvements driven through in their areas.

Key messages highlighted to the Committee were:

- The reform agenda was ambitious, but achievable
- Need to get the system back into balance by addressing patient flow
- Modernisation of Outpatients, including the introduction of an 'extreme team' to increase the pace of change.
- Address medical and nursing workforce challenges and reduce expenditure on medical locums and agency nurses.
- A new acute team had been appointed including site directors, lead doctor and lead nurse to assist the Director of Acute Services in driving through the reform plan.

The report provided an overview of planned reforming activity to achieve the required efficiency savings. It was noted that although the recovery plan had identified £700,000 of savings for 2020/21 a large gap remained between this and the target of £8.7 million.

Committee members commended the scope and ambition of the reform, noting particularly the significant work around Outpatient targets, and agreeing that, although some of the interventions were 'cost neutral' they were valuable in terms of service improvement.

Discussion took place about the result of demographic analysis which demonstrated Ayrshire admissions to hospital were about 30% higher than the Scottish average, and particularly, whether the Board could use this to re-negotiate its NRAC share with the Government. However, the Chief Executive explained that he did not think this would be possible as all Boards believed their demographics gave them 'special' requirements. The Chief Executive also explained that this was an operational plan which was not intended to be shared with the Government but that it would inform the Annual Operational Plan and Delivery Plan.

The Director of Acute Services was asked why only hospital stays over 14 days were being targeted for reduction. The Committee heard that this was because

most of these were for elderly patients where it was believed that it would be possible to progress interventions for these patients which would reduce the length of hospital stay.

Committee members suggested that the presentation of the financial position, specifically reference to 'unachieved CRES' may be demotivating. The Director of Finance noted that the carried forward Acute CRES target for 2020/21 was 3% the same as for all other areas. It was suggested that this may help with the way the Acute financial targets could be presented moving forward.

Outcome: The Committee commended the reform plan and was assured of the ongoing work but suggested some presentational points.

5.2 Theatre utilisation and improvement

The Committee received the audit report compiled by the Board's internal auditor, Grant Thornton. The report had noted inconsistencies between the two acute sites. The Acute Director explained that a User group had been established with one manager who would direct both sites.

Outcome: The Acute Director gave assurance that the recommendations contained in the report would be addressed within the timescale of 31 January 2020 and agreed to report back to the Committee at its meeting in March 2020, confirming this.

Action: Joanne Edwards

5.3 Unscheduled Care

This internal audit report had looked specifically at management of the Emergency Department and performance against the four hour Waiting Time target at University Hospitals Ayr and Crosshouse. The Director of Acute Services noted that the report had been based on the old system which had been replaced, so parts of the recommendations were no longer relevant. Committee members expressed surprise that the recommendations were only around administrative processes but heard that it was system processes and not just administration.

Outcome: As with the Theatre utilisation report, the Acute Director would confirm completion of the actions to the Committee at its meeting in March 2020.

Action: Joanne Edwards

6. Finance and Service Performance

6.1 Financial Management report – month 8

The Director of Finance presented the financial position at 30 November 2019 noting that the projected financial outturn for the year is £14.7 million deficit, at month eight the deficit was £12.1 million. Acute Services was overspent by £8.6 million at month eight, although the monthly overspend had reduced to £0.8 million in November. The Director of Finance explained that the reduction in the acute

overspend during the month had largely been due to a £0.4 million transfer of expenditure on equipment to non-recurring DEL funding. However, pressures from unfunded beds, including the requirement for more agency staff at both Ayr and Crosshouse, was responsible for some of the overspend, but unachieved CRES was the major issue.

Committee members heard that against the £23 million CRES target there is a shortfall of £7 million at the end of November 2019. Although the Committee understood why this was the case, they expressed the view that it was difficult to see how the financial outturn could be achieved. The Director of Finance noted the non-recurring measures proposed, including capital to revenue transfer outlined in the report, advising the Committee that the Scottish Government had indicated, though not confirmed, that it was in agreement with these proposals.

The Chief Executive agreed that there was a risk to the planned outturn but that supportive conversations were being had with Scottish Government. The Board had to keep trying to manage expenditure but accepted that pressures on Acute services remained significant. The Chief Executive also noted that £1 million had been spent on Intermediate Care and Rehabilitation in an effort to prevent some emergency admissions, however no cash releasing savings had yet been observed as no hospital beds had been closed due to delays in the transfer of care.

Discussion took place around the likelihood of achieving the agreed £14.75 million deficit outturn for 2019/20 and consequences if this did not happen. It was noted that achieving the budget would require non-recurring measures but that the underlying problems would remain. The Chief Executive told the Committee that measures such as those being planned by the Head of Community Health and Care Services in the South Ayrshire Health and Social Care Partnership were key to the way forward.

Outcome: The financial position at the end of month 8 was noted. The Committee remained concerned about the assurance given around delivering the planned outturn.

6.2 Performance Report

The Director for Transformation and Sustainability noted that, as requested at the previous Performance Governance Committee meeting, the format of the report had been changed to provide two infographics showing performance in relation to Unscheduled Care and Planned Care in order to highlight progress against improvement actions.

Relating to Unscheduled Care, Committee members noted that attendances at the Emergency Department at University Hospital Ayr (UHA) were higher during November but had decreased in University Hospital Crosshouse (UHC). Compliance with the four hour target in the Emergency Departments at both UHA and UHC had reached its lowest level in over 12 years during November. However, there was a reduction in the number of Emergency Department attendees in both hospitals waiting over 12 hours to be treated, admitted or discharged during November.

Delayed discharge from Hospital for North and South Ayrshire residents for social care reasons, remained high, although there had been a decrease in delays during November for South Ayrshire HSCP. The Director for Transformation and Sustainability suggested that the impact of the transformation projects may be starting to come through.

In Planned Care, areas to highlight were the improving compliance with the six week Access target for endoscopy; compliance with the Mental Health waiting times target for CAMHS had improved, however national waiting time targets for inpatients/day cases and for outpatients had been exceeded. Compliance with the 31 day cancer treatment following diagnosis target of 95% had been exceeded.

Summaries of the performance and improvements plans for all areas were provided in the report.

Outcome: The Performance Governance Committee supported the measures being taken to support performance targets.

7. 2020/21 Budget Setting

7.1 Financial plan and control schedule

The Director of Finance explained that this was a continually evolving document, cost pressures had been identified for 2020/21 though there was further refinement in a number of areas, particularly prescribing and Office 365. In addition, the Scottish Budget was not due until 6 February, therefore the funding allocation was not yet known, but the financial plan had been based on a 2.5% general funding uplift. There were also earmarked allocations which had been announced previously, including a significant uplift for Primary Care. It was noted that there was no guarantee about the level of funding allocated non-recurringly for areas such as the New Medicines Fund and Waiting Times. The Director of Finance explained that the biggest cost pressure related to Agenda for Change staff pay for 2020-21 where average pay increases would be 5% (not including medical staff) which would require a budget increase of £18.5 million which exceeded the assumed 2.5% general allocation uplift.

The financial plan summary provided in the report assumed 3% cash releasing savings across all areas, providing £20.6 million, to offset cost pressures of £60 million. After the anticipated 2.5% uplift of £18.5 million it was anticipated that there would be a £21 million deficit for 2020/21. The Director of Finance told the Committee that there was concern about whether the Board would be able to achieve the £20.6 million of savings, particularly the £8.5 million in Acute services.

Committee members feared that the budget wouldn't be achievable and discussed the financial dilemma facing the Board where money was not available to initiate changes which would ultimately save money. The Chief Executive gave assurance that the budget was still being considered and that further discussion would take place at a Board workshop before a further iteration was presented to the Performance Governance Committee at its meeting in March 2020.

Outcome: The Performance Governance Committee discussed the financial plan and control schedule and expressed concern about whether the Board would be able to achieve the budget outturn for 2020/21.

7.2 Pay and Supplies

The Director of Finance explained that the paper provided more specific details about the cost pressures from Pay and Supplies which were incorporated into the Financial plan discussed in the previous agenda item. The Committee noted that cost pressures amounted to in excess of £31 million, £21 million of which related to pay. The Director of Finance explained that this was the third, and most expensive, year of the Agenda for Change pay deal.

Outcome: The Committee noted the draft cost pressures associated with pay and supplies.

7.3 Effective Prescribing

The Pharmacy Director attended the meeting and presented a paper outlining the medicines cost pressures identified for 2020/2021. Committee members heard that the prescribing budget was still being worked on and that a value for Cancer Medicines Horizon Scanning was not yet available. Cost pressures amounting to over £9.2 million had been identified at this point.

The budget was broken down into five areas:

- Health and Social Care Partnerships – it was noted that the increase in the prison population may impact on costs for the East Partnership.
- Primary Care – which accounts for the bulk of the budget. There was a predicted increase in volume of 3.37% in the current year and a projected overspend of £3.5 million. Two of the main pressures were volume increases for the provision of glucose detection sensors and oral anti-coagulants.
- Acute Prescribing – there was a small uplift in the budget. A particular area of focus was an examination of cost effective prescribing for Multiple Sclerosis.
- Homecare Medicines – use of this route, which was expected to be underspent in 2019/2020 was encouraged wherever possible.
- Hepatitis C – Scottish Government target was to eradicate Hepatitis C by 2024. Based on additional rebates negotiated nationally and a capped level of expenditure agreed for Scotland, the overall budget could be reduced by £566,000

Discussion took place about the effect of online prescribing with the Pharmacy Director confirming that controls around this were being examined. The Pharmacy Director was also asked what was being done to address the Board's high level of analgesic prescribing, particularly high risk drugs such as Pregabalin. The Pharmacy Director advised that an analgesic prescribing working group had been

established and was working with GPs to reduce this and promote alternatives such as physiotherapy and community mental health advisors.

New Medicines Fund – the budget of £13.5 million in 2019/20 was forecast to be underspent by £0.5 million, however demand for high cost low volume medicines is difficult to forecast and is subject to change depending on the numbers of patients being treated. Scottish Government in 2019 announced a national deal to make available Cystic Fibrosis drugs which is a new cost of £1.8 million and an ultra-orphan pathway which increases costs by £0.5 million. An uplift in the New Medicines Fund for 2020/21 of £3.5 million had been recommended.

A total uplift in the Prescribing budget had been set at £9.1 million. The Director of Finance noted that Prescribing was an area where the Board had limited control of expenditure.

Outcome: The Committee noted the increased volume of primary care drugs prescribed in the current year as well as projections of 2020/21 cost pressures, including those outwith local control due to national decisions. The Committee was encouraged to note the willingness to address long-standing difficult issues.

7.4 Annual Operating Plan (including financial plan)

The Committee considered the first draft of the Annual Operating Plan, noting that Scottish Government required the plan for 2020/2021 to be a three year rolling cycle. The Director for Transformation and Sustainability advised Committee members that a first draft of the plan had been submitted to Scottish Government on 20 December 2019 and noted that feedback was still awaited ahead of a second draft incorporating any necessary changes being re-submitted by 14 February, followed by a final draft on 28 February. The final Operating Plan is expected to be signed off by the Board on 30 March following discussion and consultation through the Board's governance processes, including Integration Joint Boards.

The Director for Transformation and Sustainability explained that the plan was split into three sections:

- Describing the Board's ten year vision – focusing on 'Caring for Ayrshire'
- Outlining the three year delivery plan – 'Health and Care Delivery Plan'
- The 2020/21 plan – including the Waiting Times Improvement Plan

It was expected that the plan would ultimately be put into the public domain. While Committee members thought it was important for the Board to be transparent, they advised that this should be handled carefully to ensure that the document was in an easily accessible format. The Director for Transformation and Sustainability confirmed that she would be working with the Communication Department to ensure accessibility.

Outcome: Committee members noted the first draft of the Annual Operating Plan and observed the tight timescale for its completion. A final draft of the plan would be presented to the Performance Governance Committee at its meeting on 3 March 2020.

8. Transformational Change Programme

8.1 Portfolio for Transformational Change

The Director for Transformation and Sustainability noted that the report presented to the Committee was for the period to January 2020. One of the Committee members asked about the Re-deployment pool and was advised that the full £1.2 million set aside for voluntary redundancy had been utilised. The Director of Finance noted that not all staff who were in the redeployment pool had chosen to accept voluntary redundancy – all staff remaining in re-deployment were currently working, generally in project type roles.

Outcome: Committee members noted the update on all programmes associated with the Transformational Change programmes to January 2020.

9 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:

- Update from the Acute Director on the reforms planned and new site directors appointed as part of the Acute Improvement and Reform Plan, 2020. The Committee was assured of the ongoing work and suggested some presentational issues.
- Considered the November Financial Management report and Performance report and remains concerned about the assurance given around delivering the planned outturn.
- Considered 2020/21 cost pressures and draft financial plan. The Director of Pharmacy attended and answered questions around the increased volume of primary care drugs prescribed in the current year as well as projections of 2020/21 cost pressures, including those outwith local control as national decisions. The Committee was encouraged to note the willingness to address long-standing difficult issues.
- Consideration of the draft Annual Operating plan submitted to Scottish Government in December 2020 and encouragement of all Board members to attend the Board workshop on 25 February to take part in further discussion of this.

Action: Bob Martin

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

Committee members agreed that the risk in failing to meet the budget and required replacement of electro-medical equipment had been raised on a previous occasion and that papers had been taken to the group.

Outcome: No further risk issues were identified.

11. Any other competent business

11.1 There was none

12. Meeting Dates

12.1 Date of next meeting

Tuesday 3 March 2020 at 09:30 in Room 1, Eglinton House, Ailsa Hospital

12.2 Meeting dates 2020-2021

Date	Time	Venue
Thursday 7 th May	09:30	Room 3, Education Centre, UHA
Tuesday 1 st September	09:30	Room 1, Eglinton House, Ailsa Hospital
Tuesday 3 rd November	09:30	Room 1, Eglinton House, Ailsa Hospital
Tuesday 12 th January 2021	09:30	Room 3, Education Centre, UHA

SignatureDate