

Please note any items relating to Committee business are embargoed and should not be made public until after the meeting



Tayside NHS Board

A meeting of Tayside NHS Board **Finance and Resources Committee** will be held at **09:30am on Thursday 16 March 2017 in the Board Room, Kings Cross Hospital, Dundee** Apologies/enquiries to: Lisa Green, 01382 496680, ext 36680 or email lisa.green7@nhs.net

	AGENDA	LEAD OFFICER	REPORT NUMBER	
1.	Chairman's Welcome and Introduction	D Cross		
2.	Apologies	D Cross		
3.	Declaration of Interests	D Cross		
4.	Minute of Previous Meeting			
4.1	Minute of the Finance and Resources Committee Meeting held on 16 February 2017	L Bedford		Attached – for approval
4.2	Action Points Update	L Bedford		Attached – to note update
4.3	Work Plan 2016/17	L Bedford		Attached – to note for information
5.	Matters Arising	D Cross		For discussion
6.	GOVERNANCE ISSUES			
6.1	Capital Report for Period Ended 31 January 2017	L Lyall	FRC21/2017	Attached – to note report
6.2	Corporate Financial Report for Period Ended 31 January 2017	L Bedford	FRC23/2017	Attached – to note report
7.	Items for Information			
7.1	Record of Attendance	D Cross		Attached - for information
7.2	Information Governance Committee Minute – 31 January 2017	M Dunning		Attached – for information

For Governance reasons, it is proposed that the following items be taken in reserved business.

8. GOVERNANCE ISSUES

In Accordance with the Freedom of Information (Scotland) Act Exemption 30

8.1	Minute of the Finance and Resources Committee Meeting held on 16 February 2017	L Bedford		Attached – for approval
8.2	Action Points Update	L Bedford		Attached – to note update

9. GOVERNANCE ISSUES

In Accordance with the Freedom of Information (Scotland) Act Exemption 33(1)

9.1	Property Disposals Update	L Bedford	FRC22/2017	Attached - to report
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In Accordance with the Freedom of Information (Scotland) Act Exemption 33(1)

9.2	eHealth Delivery Plan	J Bodie	FRC25/2017	Attached - to note report
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In Accordance with the Freedom of Information (Scotland) Act Exemption 33(1)

9.3	Telephone System Replacement – Outline Business Case	P Tovey	FRC26/2017	Attached - to note/for approval
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In Accordance with the Freedom of Information (Scotland) Act Exemption 33(1)

9.4	Health and Safety Executive Environment Programme Report	L Bedford	FRC27/2017	Attached - for approval
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10.	Any Other Competent Business	D Cross		For discussion
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11. Date of Next Meeting

The next meeting of the Finance and Resources Committee will take place at **9:30am on Thursday 18 May 2017 at 10:15am** in the **Board Room, King Cross Hospital, Dundee**.

**Mr Doug Cross OBE, Chair
Finance and Resources Committee
March 2017**

DISTRIBUTION

MEMBERS

Dr A Cowie
Mr D Cross, OBE, Chair F&R
Cllr D Doogan
Mrs L Dunion
Mrs J Golden, Vice Chair F&R
Cllr K Lynn

REGULAR ATTENDEES

Mr M Anderson
Mr L Bedford
Prof J Connell, Chair, NHST
Representative Communications Team

Mr N Deuchar
Mr G Doherty
Mrs L Lyall

Mr S Lyall
Mr R MacKinnon
Ms L McLay

FOR INFORMATION

Mr K Armstrong
Mrs J Bodie
Mrs G Costello
Ms M Dunning
Mr A Gall
Mrs F Gibson
Mr S Hay

Mr M Hussain
Mr R Marshall (APF)
Cllr G Middleton
Dr R Peat
Miss D Robertson (rep ACF)
Mr H Robertson
Mrs A Rogers

Professor A Russell
Professor M C Smith
Mrs S Tunstall-James
Dr D Walker

Audit Scotland
FTF Internal Audit – Mr B Hudson

Minute

NHS Tayside

TAYSIDE NHS BOARD

FINANCE AND RESOURCES COMMITTEE - OPEN BUSINESS

Minute of the meeting of Tayside NHS Board Finance and Resources Committee held at 10:15 am on **Thursday 16 February 2017** in the Board Room, Kings Cross, Dundee

Present:

Dr A Cowie, Non Executive Member & Chair of Area Clinical Forum, NHS Tayside

Mr D Cross, OBE, Non Executive Member, Tayside NHS Board

Councillor D Doogan, Non Executive Member, Tayside NHS Board

Cllr K Lynn, Non Executive Member, Tayside NHS Board

Attending – Executive Directors

Mr L Bedford, Director of Finance, NHS Tayside

Mr G Doherty, Director of Human Resources, NHS Tayside

Regular and Other Attendees

Mrs A Dailly, Information Governance Manager, NHS Tayside (for item 7.3)

Mr N Deuchar, Senior Property Manager, NHS Tayside

Mrs J Duncan, Head of Corporate Communications, NHS Tayside

Ms M Dunning, Board Secretary, NHS Tayside

Mr A Gall, Interim Performance Director, NHS Tayside

Mr A Graham, Head of Service – eHealth, NHS Tayside (for item 7.4)

Mrs L Green, Committee Support Officer, NHS Tayside

Mrs L Lyall, Capital Finance Manager, NHS Tayside

Mr S Lyall, Head of Finance, Operational Unit, NHS Tayside

Mr R Marshall, Representative Area Partnership Forum

Ms C Millar, Senior Capital Accountant, NHS Tayside

Mr L Petrie, Corporate Records and Web Manager, NHS Tayside (for item 6.3)

Apologies

Mr M Anderson, Head of Property, NHS Tayside

Prof J Connell, Chair, Tayside NHS Board

Mrs L Dunion, Non Executive Member, Tayside NHS Board

Mrs J Golden, Non Executive Member, Tayside NHS Board

Ms L McLay, Chief Executive, NHS Tayside

Miss D Robertson, Representative Area Clinical Forum

Mr D Cross in the Chair

1. CHAIRMAN'S WELCOME AND INTRODUCTION

Mr Cross welcomed Mr Niall Deuchar, Senior Project Manager and Ms Casey Millar, Senior Capital Accountant who were in attendance at this meeting. Mr Cross also welcomed journalists from The Evening Telegraph to the meeting.

2. APOLOGIES

The apologies were noted as above.

3. DECLARATION OF INTERESTS

There were no declarations of interests.

ACTION

4. MINUTE OF PREVIOUS MEETING

4.1 Minute of the Finance and Resources Committee Minute – 19 January 2017

The Finance and Resources Committee Minute of the meeting held on 19 January 2017 was approved on the motion of Cllr Ken Lynn and seconded by Cllr Dave Doogan.

4.2 Action Points Update

Mr Bedford spoke to the Action Points Update.

Work Plan 2016/17 – It was noted the Procurement Annual Report would be submitted to the May 2017 Committee meeting and the work plan had been updated to reflect this.

Capital Report for the Period Ended 30 November 2016 – It was noted the option of using the community building within Bridge of Earn as an alternative surgery for the practice was being explored and the Estates Department were working on plans for a conversion with an extension. This was a medium term option until alternative options were explored. It was noted any enhancements made would be of benefit to NHS Tayside upon disposal. It was also noted options were being explored for the Carse of Gowrie.

Cllr Doogan raised concerns regarding the length of time in reaching a resolution and the requirement for further traction moving forward. He noted the importance of retaining confidence within the community that Tayside NHS Board had a clear plan and strategy for GP surgeries in these areas.

Assurance Report on Strategic Financial Plan Risk – It was noted an update to the Committee providing evidence and assurance around the work being progressed through the Transformation Programme Board (TPB) was an Agenda item for this meeting.

Mr Bedford advised that discussions with Mr Cross were underway in relation to possibilities from the benchmarking exercise and action taken as a result of the TPB workstream. It was noted an update would be provided at the May 2017 meeting.

4.3 Work Plan 2016/17

The Committee was asked to note the Work Plan 2016/17.

Mr Bedford advised the Work Plan 2016/17 had been updated to reflect the current and forthcoming reporting arrangements.

5. Matters Arising

There were no matters arising

6. GOVERNANCE ISSUES

6.1 Capital Report for the Period Ended 31 December 2016 (FRC09/2017)

Mrs Lyall advised the Committee of the report detailing the capital position of NHS Tayside for the period ended 31 December 2016 and the forecast position anticipated at year end.

Mrs Lyall referred to Table 1 of the report which compared the current capital forecast for 2016/17 with the Capital Plan which had been approved by Tayside NHS Board in May 2016. The approved Capital Plan had subsequently been included in the Local Delivery Plan (LDP) which was submitted to Scottish Government Health and Social Care Directorate (SGHSCD) in May 2016.

Mrs Lyall advised the confirmed capital funding for 2016/17 from Capital Resource Limit (CRL) was £10.942m, which included £0.466m capital grants. It was noted NHS Tayside was working in partnership with MacMillan Cancer Support on a number of jointly funded capital projects in 2016/17. The donated funding element of £0.592m had been incorporated into the capital programme to highlight the full cost of projects. Table 1 of the report detailed £1.029m for other funding, this consisted of £0.741m, repayable to NHS Tayside at financial close, for

early payment of Stage 1 and Interim Stage 2 design fees for the NHS Scotland Pharmaceutical 'Specials' Service (NHSS PSS) project in line with guidance issued by Scottish Futures Trust in May 2014. Mrs Lyall advised financial close had been achieved on 22 December 2016 and this repayment had been received from hubco. It was noted that a further £0.288m was included under other funding in relation to anticipated transfer from revenue to capital in respect of NHSS PSS sub-debt funding to reverse the capital to revenue transfer that was actioned in 2015/16. The subordinated debt was invested at NHSS PSS financial close.

The December SGHSCD allocation letter had confirmed CRL of £15.162m with further allocations and adjustments anticipated.

It was noted Table 2 of the report highlighted a reconciliation of the CRL at 31 December 2016 with the December allocation letter.

Mrs Lyall advised the anticipated outturn for 2016/17 was a breakeven position and the Capital Scrutiny Group (CSG) would continue to monitor progress to ensure this target was met. The Non Added Value (NAV) revenue element of funding to support the Capital Plan was estimated at £1m for the year. This was a decrease of £1m from the approved capital plan and reflected the anticipated transfer of £1m back to revenue. Annually Managed Expenditure (AME) impairment was currently estimated at £2.017m, comprising of current year completions at £1.835m and assets under construction completions at £0.243m and £0.04m in impairment on disposals and assets held for sale. It was noted a number of properties had been removed from assets held for sale and had resulted in a reversal of impairment of £0.102m

It was noted the May LDP forecasted the disposal of 16 properties with a Net Book Value (NBV) of £2.941m, with a further NBV of £0.003m identified in respect of equipment disposals. The current forecast NBV of £2.003m would be returned to SGHSCD, however, agreement had been reached with SGHSCD to transfer this to revenue in order to assist the overall NHS Tayside revenue position.

Mrs Lyall advised the Committee that during 2016/17 sales had concluded for Dundonnachie House and Sunnyside Royal Hospital. The recommendations to accept the preferred offers for the Murray Royal Hospital (MRH) and Little Cairnie sites had been approved by Tayside NHS Board at its meeting on 25 August 2016 and legal documents were being progressed for both sites, with the sale of MRH expected to conclude by 31 January 2017. It was noted there was risk the sale of Little Cairnie would not be concluded by 31 March 2017 and this had been factored into the revised NBV figure.

Non core CRL of £4.909m had been allocated in 2016/17 in relation to asset additions from the hub investment programme to recognise the value of Assets Under Construction of revenue financed projects. It was noted this addition was in relation to the NHS Scotland Pharmaceuticals 'Specials' Service project.

Mrs Lyall highlighted the gross capital expenditure to 31 December 2016 was reported at £6.681m, comprising CRL of £6.269m and NAV revenue of £0.412m. This was comparable with the gross expenditure of £7.787m for 2015/16. The graph on page 3 of the report detailed the profile of capital spend compared to 2015/16 and the 2016/17 expenditure profile as per the approved LDP Capital Plan allowing for comparison with the actual expenditure.

The gross forecast capital expenditure of £15.566m was detailed within a chart on page 4 of the report with the highest proportion of forecast gross expenditure expected on Medical Equipment at 22.2% and ring-fenced Radiotherapy Equipment Replacement at 18.3%. It was noted EAMS funding at 17.7% had been allocated to tackle infrastructure, statutory compliance and backlog maintenance issues.

The overall budget decrease at 31 December 2016 was £2.376m and the net budget changes across the main expenditure headings were detailed in Table 3 with a detailed breakdown of the budget changes by project included in Appendix 3 of the report.

Mrs Lyall advised that due to other sources of funding becoming available there had been a budget increase in medical equipment. This would be managed within the overall 2016/17 CRL. It was noted other budget increases were in relation to IM&T and the recognition of the requirement for the eHealth Investment Programme in 2016/17.

It was noted NHS Tayside had received funding of £0.798m for Energy Initiative projects in 2016/17 and slippage of £0.234m had been identified in relation to the proposed installation of a biomass boiler in Arbroath. The funding had been returned to SGHSCD through the October Financial Performance Return (FPR) with the assumption this would be returned to NHS Tayside in 2017/18. Mrs Lyall advised a further slippage of £2.019m in the capital programme had been identified during the period ended 31 December 2016 with two of the major areas of slippage noted as Radiotherapy Equipment Replacement Programme, CT Scanner, £0.704m and Radiotherapy Equipment Replacement Programme, PET CT Scanner (including anticipated underspend), £0.252m and Hamo Instrument Washer Replacement, £0.916m. It was noted this slippage had been returned to SGHSCD through the December FPR.

The capital team would continue to monitor slippage in the capital programme to ensure a breakeven position was achieved.

Mrs Lyall advised the report identified a number of continuing issues which had had an impact on the Capital Plan for 2016/17 and would continue to impact in future years.

Mrs Lyall advised the Committee that the current national contract of telephony services was due to end in November 2017 and as a result NHS Tayside was required to replace telephony facilities throughout Tayside. It was noted that supplier presentations had taken place and a report would be submitted to the March 2017 Committee meeting. It was noted confirmation of capital costs had yet to be confirmed, however, an earmark would be made in the draft Five Year Capital Plan 2017/18 – 2021/22 if funding was required.

It was noted that financial close had been achieved in relation to the NHSS PSS project on 22 December 2016 with further information being provided under Item 10.2 on the Agenda. Mrs Lyall advised there had been discussions regarding Bridge of Earn under the Action Points Update, however, noted the Director of eHealth had written to the hubco Chief Executive requesting a formal written response.

Mrs Lyall advised the Committee NHS Tayside had carried out two reviews of the Property Development Strategy with Dundee Health and Social Care Partnership in January 2017. It was noted a third review was scheduled for February 2017 which would inform a joint development plan that would include the Kingsway 2 project, with provision for Psychiatry of Old Age, Medicine for the Elderly and any other identified partnership needs.

It was noted that Donated Asset Additions for 2016/17 were estimated at £2.031m. The increase from previous months was due to a correcting entry to a donated asset currently on the fixed asset register.

Mrs Lyall advised that in accordance with the Code of Corporate Governance, the exercise of delegated authority for capital items approved by the Chief Executive and the Director of Finance were reported to the Committee, included as Appendix 2 of the report.

It was noted Appendix 1 of the report highlighted the current major risks, of which there had been no major changes.

Mr Cross queried the reason for the additional slippage in December 2016. Mrs Lyall advised this was due to timing issues around the delivery of the Radiotherapy Equipment Replacement Programme, PET/CT Scanner to NHS Tayside and the delivery of the hamo equipment being delayed until March 2017 resulting in the installation and associated works slipping into the next financial year. The Committee noted the importance of early awareness in the event of possible delays and were advised that monthly meetings were held with technical officers, which informed the production of the year end forecast. It was noted the additional slippage had been incorporated into the 2017/18 Capital Plan. Mrs Lyall advised timing issues, in relation to medical equipment expenditure, had also impacted on the gross capital expenditure to 31 December 2016 in comparison to 2015/16.

Mr Cross welcomed the progress around the telephony services contract. He considered progress was time critical and noted a report would be submitted to the March 2017 Committee meeting. Mrs Lyall advised that all potential suppliers had been advised timescales were a key point.

The Committee

- **Noted the content of the report**

Mr Stuart Lyall was in attendance to present the report.

Mr Lyall advised the committee the report was set in the context of the unbalanced Local Delivery Plan (LDP) submitted to Scottish Government Health and Social Care Directorate (SGHSCD) in May 2016, which identified a potential deficit of £11.65m in 2016/17.

The current position showed an overspend of £11.422m for the nine months to 31 December 2016, this was noted as being £9.981m as at November 2016. This was an increase of £1.4m from the previous month.

Mr Lyall advised Chart 1 of the report tracked the performance to date against the LDP trajectory and highlighted the current position was £1.1m behind plan

The Committee noted the current assessment of the forecast outturn identified a risk of c£2m in delivering a position consistent with the LDP deficit and this would be discussed under another item on the Agenda.

Mr Lyall highlighted to the Committee Table 1 of the report which summarised the financial position by service area. It was noted the overspend of £11.422m included £8.738m, consisting of £4.364m recognised in the Integrated Joint Boards (IJBs) and £4.374m identified in the mainstream accounts, relating to the unbalanced LDP position and continued to reflect the phasing of the Board Contingency on a proportionate basis.

It was noted Table 2 of the report presented an analysis of the overspend subjectively with further sections of the report analysing the key variances.

The Committee noted the overspend in Pay for the nine month period to 31 December 2016 was £2.133m, this was significantly lower than the level of overspend reported for the same period last financial year and reflected the actions taken to address legacy issues through the Financial Framework 2016/17 and an overall reduction in costs. It was noted the underlying rate of spend had reduced by £3.4m year on year, this was supported by a reduction of 110 Whole Time Equivalent (WTE) worked from March 2016.

Mr Lyall advised that a comparison of supplementary costs with the previous year was included within Table 5 of the report with supplementary costs in graphical format included in Appendix 1 of the report. It was noted the supplementary costs were marginally higher than the previous year by £378k (2.4%). The increase in Bank costs reflected a more extensive use of the Nurse Bank in order to reduce the premium element of costs associated with agency and overtime.

Agency costs were in line with the previous year, however, there was significant movement within two areas, Nursing and Medical agency costs. It was noted Nursing agency costs had reduced by £747k (19%) from the last financial year. Costs had been reduced by 50% in November 2016 following the appointment of Newly Qualified Practitioners (NQPs) and this position had been sustained in December 2016. Medical agency costs had risen by £1m (41%) on the last financial year, this was principally within "hard to fill" speciality areas.

It was noted details of other factors impacting heavily on Pay costs were also highlighted within the report including Delayed Discharges, National Performance Targets and non compliant Medical Training Grade Rotas. Tayside NHS Board was running the equivalent of three wards at a cost of £3.1m to date for those delays greater than 14 days, this cost would significantly increase with the inclusion of the cost of delays outwith the 72 hour target. In relation to National Performance Targets, NHS Tayside had committed £5m additional resource towards meeting the waiting times targets, 50% of this was funded through non-recurring funding allocations from SGHSCD. In relation to non compliant Medical Training Grade Rotas, it was noted the Operational Unit Medical Director had established a group to address this issue with representation from SGHSCD. It was noted this representative had not identified NHS Tayside as an outlier in terms of issues faced and the response to those issues, however, this was an area for concern.

The Committee noted in relation to Workforce Efficiencies that an over-achievement of savings of c£2.5m was forecast by the Core Operational Unit, this was assuming that accelerated initiatives reported to Tayside NHS Board at its meeting in December 2016 were delivered in the final quarter of the year.

The Prescribing overspend position was noted as £5.215m as at December 2016, Secondary Care costs remained within budget, albeit were subject to change and the FHS Prescribing overspend position was £5.425m to date. Mr Lyall advised the Committee that Chart 4 of the report highlights an increase in the gap between NHS Tayside and the Scottish average. It was noted the current gap of 9.2% was an increase from the 8% the previous year. The cost of this variation was c£7m and was in line with the projected overspend for the year and demonstrated a clear link between the level of variation and budget overspend. Mr Lyall reminded the Committee a report submitted to Tayside NHS Board at its meeting in December 2016 had detailed the accelerated actions being implemented through the Prescribing Management Group.

The Committee noted information around group positions, providing a level of detail and highlighting trends, was included within pages 9 to 17 of the report.

10:45 Mrs Lynda Petrie and Mrs Alison Dailly arrived

The Efficiency Savings workstream programme position was detailed within Table 19 of the report and included the position of the IJBs. The current overall efficiency saving position was a shortfall of £4.557m against the plan. The forecast savings delivery for the year was currently assessed as £44.75m and reflected the £5m risk against the unbalanced LDP position. It was noted the target for recurring savings in 2016/17 was 40%. The current position, as detailed in Table 20 of the report, was 38% therefore a further £1m was required to be delivered on a recurring basis to meet the 40% target.

Mr Lyall advised a further risk had been identified in relation to Board Committee Earmarks and the deferred spend target. It was noted this position was being managed with the engagement of the Chief Finance Officers of the IJBs.

Mr Lyall acknowledged the significant challenges remaining for 2016/17, however, noted the Workstream Programme was focussed on a range of accelerated actions, primarily based on workforce costs, prescribing and the management of available corporate resource to reduce the gap within the current year.

Cllr Doogan raised concerns regarding the pace of improvement in relation to prescribing costs and noted that the IJBs were no longer addressing prescribing costs, with these now being managed again by Tayside NHS Board. Cllr Doogan queried whether Tayside NHS Board was best placed to address prescribing costs and how the Board ensured the best impact to the IJBs.

Dr Cowie advised the Committee that it had been agreed by the Prescribing Management Group (PMG) prescribing costs should be managed at Board level with the IJBs providing support at ground level. It was noted the PMG was established to provide overarching support to the IJBs and there was good engagement between the IJBs and secondary care in driving costs through. It was noted each of the IJBs had individual local groups established.

Cllr Doogan queried the PMG position regarding the use of formulary and non-formulary prescribing and whether there would be a standard setting across Tayside NHS Board. Dr Cowie advised that approximately 91% of prescribing was formulary based, however, there was various possibilities regarding the best use of formulary. It was noted there were concerns around the implementation of less controversial soft formulary and the need to use hard formulary in order to achieve cost saving targets.

Mr Cross noted the concerns raised regarding pace of improvement and that both warranted and unwarranted variances were being explored. There was a need to work through these in order to understand the financial position.

Mr Bedford advised that Committee that Mr Paul Gray, Director General Health and Social Care and Chief Executive of NHS Scotland had asked the Deputy Chief Medical Officer to undertake a review of prescribing.

11:00 Mr Alistair Graham arrived

Mr Lyall advised in response to a query regarding delayed discharge and the interaction between NHS Tayside and the IJBs that funding had been allocated to the IJBs from SG in support of delayed discharge. A relatively minor change had been noted, however, there was the need moving forward for formal agreement of action plans with each of the IJBs.

Mr Cross thanked Mr Lyall for the report, highlighted the £44.75m in savings was a significant achievement and noted there were a number of initiatives ongoing in the remaining months of the financial year to contain spend.

The Committee

- **Noted the current position and supported the actions being taken to contain spend**

6.3 The Public Records (Scotland) Act 2011 (FRC11/2017)

Mrs Lynda Petrie, Corporate Records and Web Manager was in attendance to present the report.

Mrs Petrie advised that NHS Tayside was required under The Public Records (Scotland) Act 2011 to manage its corporate records efficiently. It was noted all public bodies in Scotland were required to submit a formal records management plan (RMP) to the Keeper of the Records of Scotland (the Keeper) for their agreement every five years. Mrs Petrie advised following an invitation to submit, NHS Tayside had submitted its first RMP and supporting documents to the Keeper on 6 May 2016.

Mrs Petrie advised The Public Records (Scotland) Act 2011 required all public authorities to prepare and implement a RMP detailing arrangements for the management of its records. It was noted following submission of NHS Tayside's RMP the assessment report had been examined and was endorsed by the Keeper as proof of compliance under Section 1 of the Public Records (Scotland) Act 2011 and confirmed formal agreement by the Keeper of the RMP submitted by NHS Tayside. It was noted the keeper had commended some of the practices in place within NHS Tayside.

The Committee noted an Improvement and Action Plan had been prepared in line with the Keepers assessment report and had been scrutinised by the Corporate Records Compliance Group (CRCG). It was noted the CRCG would review and oversee the improvement and action plan to address areas for improvement identified by the Keepers Assessment Team and NHS Tayside would liaise with the office of the Keeper to ensure full engagement with the Progress Update Assessment Process being implemented by the Keepers Assessment Team

The Committee noted the following appendices to the report:

- Appendix 1 – Copy of NHS Tayside's Records Management Plan
- Appendix 2 – Keepers Assessment Report
- Appendix 3 – Keepers Agreement Letter
- Appendix 4 – Improvement Plan

Mr Cross thanked Mrs Petrie for the report and noted there were a significant number of areas where NHS Tayside was compliant and there was satisfaction an improvement plan was in place to address any areas of recommendation in the Keepers assessment report. It was noted the assessment report for NHS Tayside was published on the National Records of Scotland website and that NHS Tayside had proactively published their plan, and associated documents on their own website.

11:10 Members of press from The Evening Telegraph left the meeting Ms Margaret Dunning arrived

Dr Cowie noted the report was very comprehensive and queried if there were any areas proving challenging or of needing further support. Mrs Petrie advised there were challenges in relation to the appropriate retention and destruction of records. It was noted communication and education was required in this area and Mrs Petrie was working with the Communications Team to draw up a communications plan to support this. It was noted that a Scotland wide review would be undertaken and NHS Tayside Records Retention Policy would be updated upon completion of the review.

Dr Cowie raised concerns, from a clinician point of view, regarding the destruction of records, in particular health records. Ms Dunning advised that Mrs Petrie and the Information Governance worked closely with Health Records Group to ensure clear destruction procedures were in place.

Ms Dunning informed the Committee that a vast number of records were currently stored within the NHS Tayside estate. It was noted a review of the storage of these records was required, particularly due to the reducing of the estate, to free up space both physically and electronically and to manage associated cost pressures.

Mr Doherty noted that legislation required records to be retained for different periods of time, dependant on what the record was. It was noted NHS Tayside retained most records for five years as good practice, however, there was the requirement to retain records relating to the environment for 25 years and queried the capacity for this within a reducing estate.

Ms Dunning provided assurance that there was the capacity within the team to ensure good record management and communication throughout the organisation. It was noted various options were currently being explored in order to manage physical and electronic storage.

11:20 Dr Baxter Millar Arrived

The Committee noted a network of co-ordinators was being refreshed, all Directors had been asked to identify a Strategic and Operational Records Management Co-ordinator and meetings would be arranged to reinforce responsibilities.

The Committee

- **Noted the content of the report**
- **Noted agreement to the plan had been received**
- **Noted the assessment report from the Keeper of the Records of Scotland had been received**

7. ASSURANCE – Strategic Risks Aligned to the Finance and Resources Committee

7.1 Assurance Report on Strategic Financial Plan Risk (FRC12/2017)

Mr Bedford advised this report had been prepared in line with the agreed reporting arrangements to Committees in support of the Board Assurance Framework in relation to the Strategic Risks on the register and identified the current risk profile and the current controls in place. It was noted there were only minor changes to report from January 2017.

Mr Bedford advised the Committee, in relation to the Operational Risk reflecting on the delivery of savings and reported on under Item 6.2, that the Financial Framework had indicated that the delivery of 40% recurring savings was required in 2016/17, if not to impact the assumptions going forward into 2017/18. It was noted delivery remained varied, however, the 40% delivery of recurring savings was assessed as being achieved. It was the assumption that the level of recurring savings would increase with a straight 50/50 indicated in the planning assumptions for 2017/18. It was noted a higher level of recurring savings in year would reduce the burden going forward.

Mr Bedford highlighted the risk in relation to Delayed Discharges in the hospital system. It was noted a total of 94 beds, recognising both complex and non complex patients, per day had been classified as being occupied by Delayed Discharged for the 10 month period to January 2017. Mr Bedford advised that if the target of 72 hours following assessment was achieved the level of Delayed Discharges in the hospital setting would be reduced.

The Committee noted there were multiple financial implications on the health vote of Delayed Discharges, recognising the inhibitors to patient flow, cancellation and rebooking of elective capacity and challenges within workforce.

The Committee noted going forward into 2017/18, the requirement for firm agreements with Health and Social Care Partnerships (HSCPs) on the delivery of the 72 hour target. It was noted this would also alleviate budget pressures for both beds with the Core Operational Unit and those under delegated responsibility of the Integrated Joint Boards (IJBs).

Mr Cross reminded the Committee the Operational Risks had been included within the report presented to the Committee at its meeting in January 2017 and encouraged Members to review the Operational Risks and highlight any queries or concerns.

The Committee

- **Noted the content of the report**

7.2 Assurance Report on Reduction in Capital Risk (FRC13/2017)

Mr Bedford advised the Committee that following the submission of the Property Management Internal Audit Report to the January 2017 meeting it had been agreed that two new Service Risks would be added to enhance the management of the overarching Strategic Risk.

The Committee noted the first Service Risk was in relation to the organisations ability to deliver the Property Asset Management Strategy (PAMS) with the second reflecting on the accuracy of the PAMS.

Mr Bedford advised it was intended the 2017 PAMS would detail governance and reporting lines and would be submitted to the Committee prior to submission to Scottish Government (SG) in June 2017. This also reflected the recent revision of the Committee's Terms of Reference.

The Committee

- **Noted the content of the report**

7.3 Assurance Report on Information Governance Risk (FRC18/2017)

Mrs Dailly was in attendance to present the report.

Mrs Dailly advised that following submission of the Information Security Policy Maturity Assessment to the Committee at its November 2016 meeting the Information Security Policy Framework Improvement and Action Plan had been developed and presented to the January 2017 Information Governance Committee meeting.

It was noted actions had been delegated to individuals within Information Governance, eHealth and Human Resources and monthly progress review meetings would be undertaken.

The Committee noted that work was progressing to meet the requirements of DL (2015)17 Information Governance and Security Improvement Measures 2015-2017.

Mrs Dailly advised the Committee that at a previous meeting there was the suggestion that the risk exposure be higher based on ongoing issues with the FairWarning Tool. It was noted there was no indication that the risk exposure should be reconsidered at that time and the risk exposure would be reviewed upon completion of the work required to meeting the requirements of DL (2015)17 Information Governance and Security Improvement Measures 2015-2017.

The Committee noted a report would be submitted to the Workforce and Governance Forum (WAG) in May 2017 regarding the implementation of the FairWarning Privacy Breach Detection Tool and the impact to employees, followed by a report to the Area Partnership Forum (APF) and the Clinical Quality Forum (CQF). It was noted awareness of the FairWarning Tool would be included as part of the induction process for all new employees.

Mr Doherty raised concerns regarding the names of individuals, who were no longer employed within NHS Tayside being listed within the DATIX report as having responsibility for mitigating actions. Ms Dunning advised the list contained within the report was an historical audit trail and noted the names of the risk manager/owner were accurate. Ms Dunning agreed to explore the option of listing the responsibility by designation rather than individual name within the DATIX report provide an update to the Committee.

The Committee

- **Noted the content of the report**
- **Noted Ms Dunning would explore the option of listing responsibility by designation within DATIX report**

7.4 Assurance Report on Implementation of TrakCare (FRC17/2017)

Mr Alistair Graham was in attendance to present the report.

Mr Graham advised the Committee following the provision of monitoring and safety check reports submitted to the TrakCare Programme Board, it had been agreed to postpone the Go Live date scheduled for February 2017. It was noted there had been issues around data

MD

migration and the validation of the system had identified a number of areas where the configuration of the system did not meet NHS Tayside requirements.

It was noted the project team were in a re-planning phase with work ongoing looking at lessons learnt, the current risk profile and resources required to establish a suitable revised Go Live date.

Mr Graham advised the Committee that the re-scheduling of the Go Live date did not impact significantly on the risk profile, and offered the capacity and opportunity to reduce the risk exposure.

The Committee noted the Adoption Stage continued to be progressed and re-planned and provided the opportunity for additional training and table top exercises.

Mr Cross informed the Committee, as Chair of the TrakCare Programme Board, TrakCare would only be implemented when a safe environment was established. It was noted there were significant issues with the system to be implemented, this was not a mature system and a significant amount of additional work was required to ensure the system was fit for purpose.

Mr Cross advised the Committee the TrakCare Programme Board had requested a report around lessons learnt be submitted and gave clear instructions proper research was undertaken when sourcing an achievable date. It was noted a lot of work was ongoing and it was anticipated a date would be confirmed at the next TrakCare Programme Board with a report being submitted to a future Committee meeting.

AG

Dr Cowie queried if there were any risks to NHS Tayside as a result of the delay and if clerical staff were required to enter data multiple times. Mr Graham advised that the longer the delay the more effort was required to maintain two running systems, resulting in some risks regarding quality, however, plans were in place to manage emerging risks. It was noted there was the requirement for double entry as two systems would be running and each should mirror the other.

It was noted there was additional cost to extend the use of TOPAS and this cost would be contained within the eHealth budget.

The Committee

- **Noted the content of the report**
- **Noted a report would be submitted to a future Committee meeting**

8. ITEMS FOR INFORMATION

8.1 Record of Attendance

The Committee

- **Noted the Attendance Record**

DATE OF NEXT MEETING

The next meeting of the Finance and Resources Committee will take place on Thursday 16 March 2017 at 9:30am in the Board Room, Kings Cross Hospital, Dundee

Subject to any amendments recorded in the Minute of the subsequent meeting of the Committee, the foregoing Minute is a correct record of the business proceedings of the meeting of Tayside NHS Board Finance and Resources Committee held on 16 February 2017, and approved by the Committee at its meeting held on 16 March 2017.

.....
CHAIR

.....
DATE

Action Points Update

Finance and Resources Committee – Open Business – 16 March 2017

MEETING	MINUTE REF	HEADING	ACTION POINT	RESPONSIBILITY	STATUS
16 February 2017	7.3	Assurance Report on Information Governance Risk	Ms Dunning agreed to explore the option of listing the responsibility by designation rather than individual name within the DATIX report provide an update to the Committee.	M Dunning	The National Datix Support Team provided the following response : You can hide the 'Assigned to' field on the form/s but it will affect the functionality as reminder and overdue emails will not be sent. The action will not show in the action list or the to do list. Anyone within the designation field, will receive a notification, updated and closed email and will be able to access the action via the link enclosed.
16 February 2017	7.4	Assurance Report on Implementation of TrakCare	It was noted an update would be submitted to a future Committee meeting following confirmation of the revised Go Live date	A Graham	Ongoing

Completed Actions

MEETING	MINUTE REF	HEADING	ACTION POINT	RESPONSIBILITY	STATUS
19 January 2017	6.1	Capital Report for the Period Ended 30 November 2016	<p>The Committee discussed the lack of progress particularly in relation to Bridge of Earn Surgery, and agreed that whilst the Draft Capital Plan would provide an update an interim action plan was required.</p> <p>The Committee suggested the need for progression through a separate forum. Ms McLay agreed to facilitate discussions with Prof John Connell, Tayside NHS Board Chairman and Mr Robert Packham, Chief Officer, Perth and Kinross Health and Social Care Partnership and noted a report would be submitted to a future Committee and Tayside NHS Board meeting.</p>	Lesley McLay	Completed – Update provided at February 2017 meeting



FINANCE AND RESOURCES COMMITTEE

Best Value Workplan 2016/17

This workplan outlines the major items the Finance and Resources Committee has to consider as part of its schedule of work and the corresponding Best Value Characteristics under the headings of regular reports, annual reports, corporate risk reporting, minutes for information and policies

FINANCE AND RESOURCES COMMITTEE 2016/17

	Responsible Officer	Reporting Arrangements	Date of Meeting 12 May 2016	Date of Meeting 18 August 2016	Date of Meeting 17 November 2016	Date of Meeting 19 January 2017	Date of Meeting 16 February 2017	Date of Meeting 16 March 2017
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Regular reports submitted to the Finance & Resources Committee								
Corporate Financial Report	Mr L Bedford	Each meeting	6.2 11.2	6.2	6.2	6.2	6.2	X
Capital Report	Mrs L Lyall	Each meeting	6.1 11.1	6.1	6.1	6.1	6.1	X
Reporting Requirement – Code of Corporate Governance	Mr S Lyall	Each meeting	6.3	6.3	6.3	6.3		
Strategic Financial Plan	Mr L Bedford	Annually						X
Property and Asset Management Strategy (PAMS)	M Anderson	Annually		6.4				
eHealth Delivery Plan (R)	Mrs J Bodie	Annually						X
Post Occupancy Evaluation and Post Project Evaluation Progress Update (R)	Mr M Anderson	Six monthly						
Property Strategy Progress Update incl Disposal of Surplus Property (R)	Mr L Bedford	Each meeting		12.3	10.1	10.1	10.1	X
Sustainability and Environmental Strategy, Implementation and Monitoring	Mr P Wilde	Annually			6.4			
Information Governance Mid Year Review	Ms M Dunning	Annually			6.6			
Forward Planning for 2017/18	Mr L Bedford		-	-	6.5	9.3		

FINANCE AND RESOURCES COMMITTEE 2016/17

	Responsible Officer	Reporting Arrangements	Date of Meeting 12 May 2016	Date of Meeting 18 August 2016	Date of Meeting 17 November 2016	Date of Meeting 19 January 2017	Date of Meeting 16 February 2017	Date of Meeting 16 March 2017
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Annual Reports								
Annual Reports that are reported to the Committee								
Finance and Resources Committee Annual Report	Mr L Bedford	Annually	8.1					
Capital Scrutiny Group Annual Report	Mrs L Lyall	Annually	8.3					
Area Business IM&T Annual Report	Mr G Doherty	Annually	8.4					
Information Governance Annual Report	Ms M Dunning	Annually	8.5					
Procurement Annual Report including Public Procurement Reform Programme for NHS Tayside	Mr M Cambridge	Annually (next submission 18 May 2017)						
Additional Cost of Teaching (ACT) Annual Report	Mr L Bedford	Annually		8.1				

Corporate Risk reporting – risks aligned to the Committee								
Strategic Financial Plan Risk (Risk ref 36)	Mr L Bedford	Quarterly	7.1	7.1	7.1	7.1	7.1	
Reduction in Capital Risk (Risk ref 37)	Mr L Bedford	Quarterly	7.2	7.2	7.2	7.2	7.2	
Information Governance Risk (Risk ref 38)	Ms M Dunning	Quarterly	7.3	7.3	7.3		7.3	
TrakCare Risk	Mrs J Bodie					7.3	7.4	

FINANCE AND RESOURCES COMMITTEE 2016/17

	Responsible Officer	Reporting Arrangements	Date of Meeting 12 May 2016	Date of Meeting 18 August 2016	Date of Meeting 17 November 2016	Date of Meeting 19 January 2017	Date of Meeting 16 February 2017	Date of Meeting 16 March 2017
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Minutes for Information								
Capital Scrutiny Group Minutes (R)	Mrs L Lyall	Quarterly	10.4	11.4	9.5	7/12/16 Item 9.5	25/1/17 Item 9.5	
Area Business IM&T Group (R)	Mr G Doherty	Quarterly	10.3	11.3	9.4	9/11/16 (cancelled)		
Information Governance Committee (R)	Ms M Dunning	Quarterly		11.5 11.6	8.4	25/10/16 Item 8.2		31/01/17 X
NHS Scotland Pharmaceutical Specials Programme Board (R)	Mr L Bedford	Quarterly		12.1	10.3		20/7/16 Item 10.2	

Policies to be endorsed by the Committee as and when required								
Finance and Governance Policies		As & when available						
System Access Policy	Mrs A Dailly			10.1				
Information Security Policy	Mrs A Dailly			10.2				



FRC21/2017
Finance and Resources Committee
16 March 2017

CAPITAL REPORT FOR PERIOD ENDED 31 JANUARY, 2017

1. PURPOSE

The purpose of the report is to advise the Committee with regard to the capital position of NHS Tayside for the period ending 31 January, 2017 and the forecast position anticipated at year end.

2. RECOMMENDATIONS

The Committee is requested to note the content of the report.

3. EXECUTIVE SUMMARY

3.1 Capital Expenditure

Table 1 compares the current capital forecast for 2016/17 with the Capital Plan approved by the Board in May 2016. The approved Capital Plan was subsequently included in the Local Delivery Plan (LDP) submitted to Scottish Government Health and Social Care Directorate (SGHSCD) in May 2016.

Table 1

	CAPITAL PLAN 2016/17 £000s		
	APPROVED	FORECAST	CHANGE
Exchequer Expenditure	17,224	13,236	(3,988)
Donated Expenditure	0	592	592
NET EXCHEQUER EXPENDITURE	17,224	15,217	(2,007)
Capital Grants	717	466	(251)
GROSS EXPENDITURE	17,941	15,683	(2,258)
Non Added Value	(2,000)	(1,000)	1,000
Donated Funding	(598)	(592)	6
Other Funding	(1,050)	(1,029)	21
Disposals – net book value	(2,947)	(2,002)	945
NET CAPITAL EXPENDITURE	11,346	11,060	(286)
SGHSCD FUNDING	11,346	11,060	(286)
NET OVER / (UNDER) SPEND	0	0	0

3.2 Funding and Outturn

The capital funding confirmed for 2016/17 from Capital Resource Limit (CRL) is £11.060 million, including £0.466 million capital grants.

NHS Tayside is working in partnership with MacMillan Cancer Support on a number of jointly funded capital projects in 2016/17. The donated funding element of £0.592 million has been incorporated into the capital programme to highlight the full cost of the projects.

NHS Tayside entered into an agreement with East Central Territory hub Ltd in respect of payment of early payment of Stage 1 and interim Stage 2 design fees for the NHS Scotland Pharmaceutical Specials Service (NHSSPSS) project in line with guidance issued by Scottish Futures Trust in May 2014. The advanced payment of £0.741 million is re-payable to NHS Tayside at financial close and is included in other funding in Table 1. Also included under other funding is a £0.288 million anticipated transfer from revenue to capital in respect of NHSSPSS sub-debt funding to reverse the capital to revenue transfer that was actioned in 2015/16. The subordinated debt was invested at NHSSPSS financial close.

CRL of £10.557 million has been confirmed in the January SGHSCD allocation letter, with further allocations and adjustments anticipated.

A reconciliation of the CRL at 31 January, 2016, with the January allocation letter is highlighted in Table 2.

Table 2

DESCRIPTION	£000	£000
January 2017 Capital allocation letter		10,557
ADD: Anticipated Additional Allocations		
Hamo Instrument Washer Equipping Services	2	
HUB NHSS PSS Equipping Services	35	
TOTAL Anticipated Allocations and Adjustments		37
Anticipated Forecast CRL excluding Capital Grants		10,594
Capital Grants		466
Anticipated Forecast CRL including Capital Grants		11,060

The anticipated outturn for 2016/17 is a breakeven position. Capital Scrutiny Group (CSG) will continue to monitor progress to ensure this target is met.

The non added value (NAV) revenue element of funding to support the capital plan is estimated at £1.0 million for the year. This is a decrease of £1.0 million from the approved capital plan and reflects the anticipated transfer of £1.0 million back to revenue.

Annually Managed Expenditure (AME) impairment is currently estimated at £2.355 million, comprising current year completions at £2.181 million, assets under construction completions at £0.238 million, and £0.038 million in impairment on disposals and assets held for sale. A number of properties have been removed from assets held for sale, which has resulted in a reversal of impairment of £0.102 million. The draft annual estate revaluation has been received and is currently being analysed to confirm the impairment total for 2016/17.

The May LDP forecasted the disposal of 16 properties with a net book value (NBV) of £2.941 million, plus equipment disposals with a NBV of £0.003 million. The current forecast NBV of £2.002 million will be returned to SGHSCD, and agreement has been reached with SGHSCD colleagues to transfer this to revenue in order to assist the overall NHS Tayside revenue position.

During 2016/17 sales have concluded for Dundonnachie House, Sunnyside Royal Hospital and Douglas Clinic. The recommendations to accept the preferred offers for the Murray Royal and Little Cairnie sites were approved by Tayside NHS Board on 25 August, 2016, and the sale of Murray Royal concluded on 23 February, 2017. Legal documents are being progressed for Little Cairnie. There is, however a risk that the sale of Little Cairnie will not complete by 31 March, 2017, and this has been factored into the revised NBV figure. There are a number of smaller properties that have been marketed for which offers have been received and are being considered. Further properties, which have been identified as surplus to requirements and available for sale, are currently being marketed or being prepared for market. There is on-going review of the NHS Tayside Disposal Strategy through the Property Workstream established under the NHS Tayside Transformation Programme.

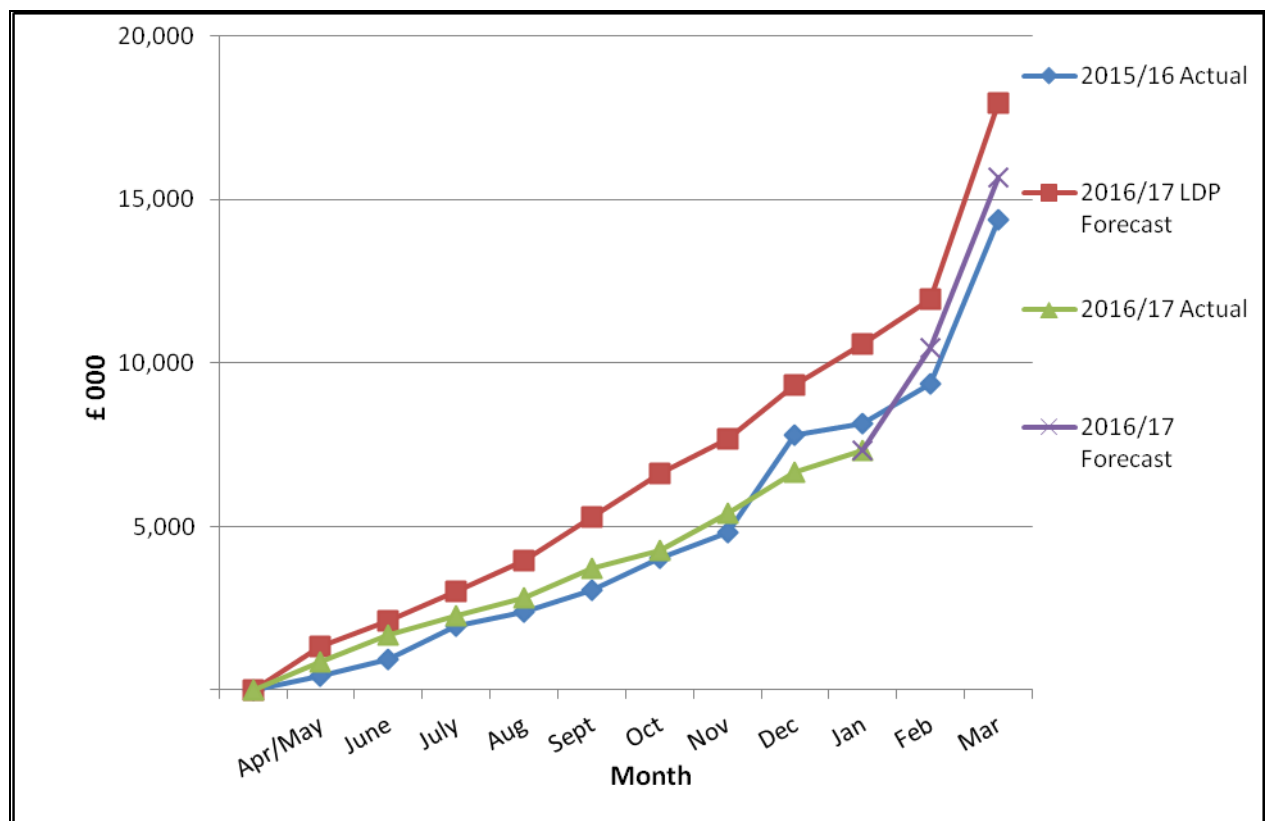
Non Core CRL

Non core CRL of £4.909 million has been allocated in 2016/17 in relation to asset additions from the hub investment programme to recognise the value of Assets Under Construction of revenue financed projects. This addition is in relation to the NHS Scotland Pharmaceuticals Specials Service project.

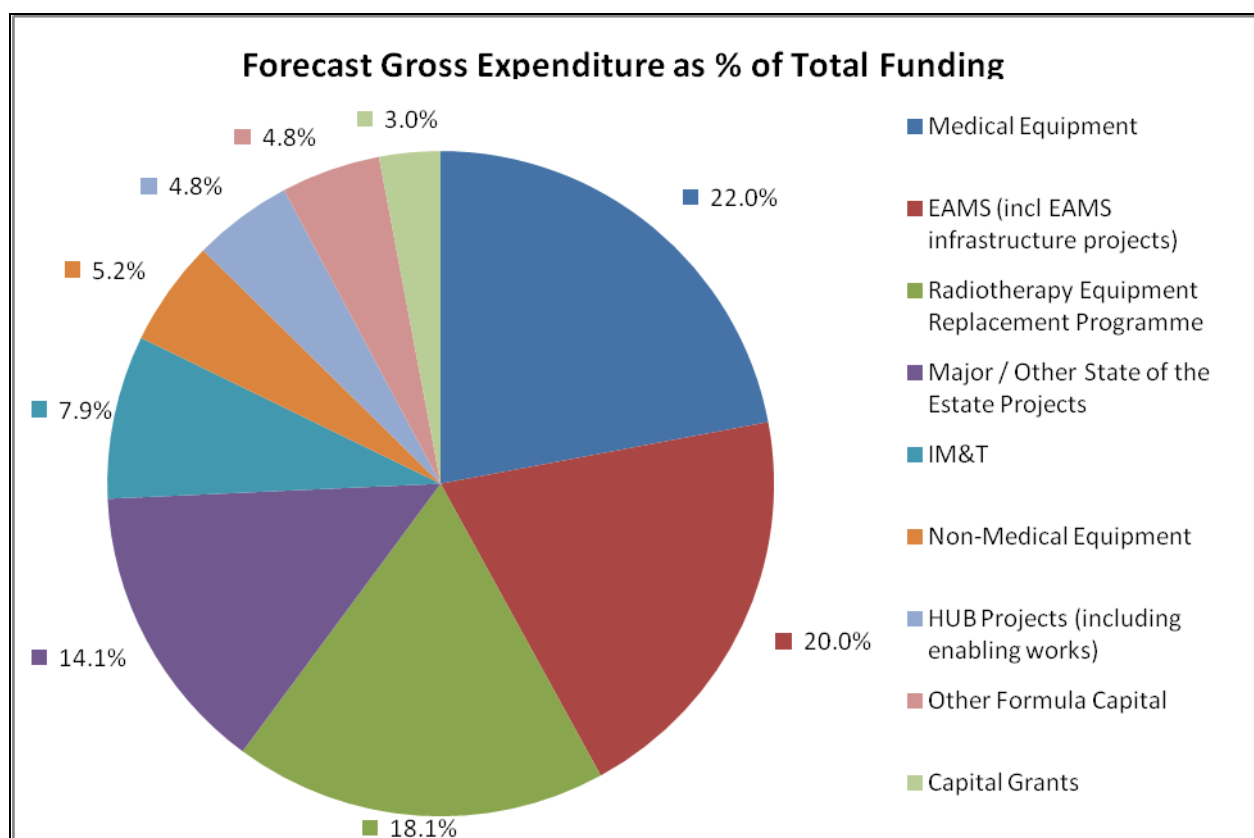
3.3 Expenditure to 31 January, 2017

The gross capital expenditure to 31 January, 2017, is reported at £7.310 million, comprising CRL of £6.817 million and NAV revenue of £0.494 million. Comparable gross expenditure for 2015/16 was £8.166 million. The nature of capital spending does not allow easy comparisons between financial years due to the timing of completion of projects. Although it appears capital spend has fallen below that reported at this period last year, this is attributable to a number of projects completing in December 2015 increasing the 2015/16 spend profile significantly. In 2016/17 the majority of the medical equipment budget was allocated in April, resulting in higher expenditure in the earlier months of the year compared to previous years.

The profile of capital spend compared to 2015/16 can be seen in the graph below. The graph also shows the 2016/17 expenditure profile as per the approved LDP Capital Plan to allow comparison with the actual expenditure.



The following chart highlights the gross forecast capital expenditure of £15.683 million split across the various expenditure headings within the capital plan by percentage.



The highest proportion of forecast gross expenditure is expected on Medical Equipment at 22%, and EAMS at 20%. EAMS funding has been allocated to tackle infrastructure, statutory compliance and backlog maintenance issues.

3.4 Major Project Analysis

The overall budget decrease at 31 January, 2017, is £2.258 million. The net budget changes across the main expenditure headings are shown in Table 3. A detailed breakdown of the budget changes by project is attached in Appendix 3.

Table 3

DESCRIPTION	£000	£000
Approved Capital Plan – May 2016		17,941
Net Budget Reductions:		
Capital Grants	(250)	
EAMS (including infrastructure projects)	(735)	
Radiotherapy Replacement Programme	(881)	
Non Medical Equipment	(823)	
HUB Projects (including enabling works)	(29)	
	(2,718)	
Net Budget Increases:		
Major / Other State of the Estate Projects	35	
Medical Equipment	182	
IM&T	219	
Other Formula Capital	24	
	460	
Overall budget decrease as at 31 January, 2017		(2,258)
Total Revised budget as at 31 January, 2017		15,683

The decrease in EAMS is mainly in relation to slippage on the Polyclinic Switchroom enabling works and the main polyclinic infrastructure project.

The decrease in the Radiotherapy Replacement Programme is due to an anticipated under spend on the PET/CT scanner and slippage of the Radiotherapy CT Scanner into 2017/18.

The decrease in Non Medical Equipment is mainly in relation to slippage on the Hamo Instrument Washer Replacement project into 2017/18.

The budget increase in medical equipment has arisen due to other sources of funding becoming available and will be managed within the overall 2016/17 CRL. The budget increase in IM&T is in relation to the purchase of additional storage and an upgrade to wi-fi controllers for the entire NHS Tayside estate. This offsets slippage on the eHealth Investment Programme in 2016/17.

3.5 Slippage Analysis

NHS Tayside received funding of £0.798 million for Energy Initiative projects in 2016/17. Slippage of £0.234 million has been identified in relation to the proposed installation of a biomass boiler in Arbroath. This funding has been returned to SGHSCD through the October Financial Performance Return (FPR) and NHS Tayside has been advised this will be returned in 2017/18.

Further slippage of £2.019 million in the capital programme was identified during the period ended 31 December, 2016. The major areas of slippage were as follows:-

- Radiotherapy Equipment Replacement Programme, CT Scanner - £0.704 million;
- Radiotherapy Equipment Replacement Programme, PET CT Scanner - £0.252 million (includes anticipated underspend);
- Non Medical Equipment Hamo Instrument Washer Replacement - £0.916 million, and
- Other - £0.147 million.

This was reported to SGHSCD in the December FPR, and a reduction to the CRL of £2.0million was advised in the January allocation letter.

Slippage of £0.475 million has also been identified on the eHealth Investment Programme in relation to the implementation of TrakCare. This will be managed within the overall capital programme for 2016/17.

Discussions were held with budget holders in October 2016 around the progress of other schemes in the capital plan. A number of schemes were identified at that time where the programme to completion had already slipped, or could be delayed, to reduce the level of predominantly non added value funding required to support the capital programme in 2016/17. The non added value element of the capital programme is funded by a transfer from revenue to capital, with £2.0 million being earmarked in the approved Financial Framework. This earmark has now been amended to £1.0 million to reflect the reduced projected level of non added value within the 2016/17 capital programme.

The capital team will continue to monitor slippage in the capital programme to ensure a breakeven position is achieved.

3.6 Emerging and Continuing Issues

There are a number of continuing issues which have had an impact on the capital plan for 2016/17, and will continue to impact in future years, including:-

- Restrictions on capital funding have resulted in the budget for statutory compliance and backlog maintenance being constrained at a time when significant investment is required to maintain and upgrade infrastructure. An Initial Agreement (IA) for the Ninewells Infrastructure Project was presented to Tayside NHS Board on 29 October, 2015, where it was approved for submission to SGHSCD Capital Investment Group (CIG). Following on from discussion with SGHSCD colleagues, a revised IA was approved for submission to CIG at the meeting of Tayside NHS Board held on 25 February, 2016.

- The IA was considered at the CIG meeting held on 15 March, 2016. Further discussions have been held between SGHSCD colleagues and NHS Tayside, and NHS Tayside was asked to reconsider options and timescales to deliver the required infrastructure. The project team have developed a revised draft IA which has been submitted to CIG members for comment. This will then be submitted for formal approval through the appropriate governance process.
- A number of clinical projects earmarked within the approved Capital Plan require major infrastructure upgrades to be completed before the projects can commence. This will have an impact on the phasing of these projects in the Capital Plan. Work has been undertaken to determine a programme of infrastructure works across the Ninewells site, linking in with the prioritisation of the clinical projects. This has been reflected in the approved capital plan 2016/17 to 2020/21 and the draft capital plan 2017/18 to 2021/22. Delay to the commencement of the Infrastructure project will impact on the timing of delivery of the clinical projects.
- A number of clinical projects earmarked within the approved Capital Plan will require areas to be decanted to allow works to progress. The limited availability of a decant facility will have an impact on the phasing and the delivery of these projects. Discussions are ongoing to ensure that planned utilisation of the decant facility is managed effectively.
- Major works to theatre re-provision is required in order to address planned preventative maintenance and issues with compliance and legislation. A programme of works is being developed to address this, to encompass both revenue and capital type works across theatres, including the redevelopment of paediatric and maternity theatres.
- There are a number of other key planned developments from 2017/18 onwards, including the redevelopment of the Critical Care Unit and MacMillan Haematology and Oncology unit, ARCHIE Paediatric Theatres, and Neonatal Intensive Care which will require future capital investment.
- Although a number of schemes have slipped and reduced the forecast non added value spend in the capital programme, there remains a risk that the non added value funding is not sufficient to cover the actual level of non added value spend during 2016/17. This is mainly due to the level of proposed spend on revenue equipment from the IM&T allocation. The eHealth Investment Programme is not considered capital and will require to be written off against the non added value budget that remains. Utilising the capital allocation in this nature on an annual basis is not an appropriate use of capital funds. There is, however, no identified source of revenue funding for this essential IM&T equipment and highlights the urgent need to identify an annual revenue funding earmark in future NHS Tayside Financial Plans.
- The current national contract for the provision of telephony services ends in November 2017 and, therefore, NHS Tayside is required to replace telephone facilities throughout Tayside. When tenders were initially sent out it was assumed this replacement would be carried out as a full managed service contract, including equipment, and, therefore, a revenue solution. However, tender returns indicated that companies would not include equipment as part of the managed service contract. A review of these tender returns and NHS Tayside requirements resulted in re-tendering with Invitation To Tender issued to bidders on 25 October, 2016, and responses were received back on 25 November, 2016. Tenders were scored and THREE shortlisted suppliers gave presentations on 14 and 15 February, 2017. A final scoring exercise is now underway to identify the preferred supplier. Depending on the option provided by the successful supplier, there may be a requirement for capital funding to purchase some equipment (hardware and software).

- NHS Tayside enabling works to allow installation will require funding through the Capital Programme. Capital costs are yet to be confirmed, however an earmark of £1 million has been made in the draft Five Year Capital Plan 2017/18 to 2021/22.
- There are a number of additional projects that the capital team are being advised of which are not currently within the five year capital plan. All projects will be considered and prioritised during the annual financial planning exercise.

3.7 Hub Initiative

The East Central Territory hub (ECT hub) is monitoring progress on a number of projects. In respect of NHS Tayside, the status of each project is as follows:-

NHS Scotland Pharmaceuticals Specials Service

- The gilt rate was agreed by all parties concerned and set on 20 December, 2016, and financial close took place on 22 December, 2016. The Full Business Case (FBC) addendum outlining the changes between FBC and Financial Close has been prepared and is expected to be submitted to SGHSCD CIG on 7 March, 2017, following approval by Tayside NHS Board.
- Robertson Construction Group have now established their site compound at Ninewells and the construction phase is underway. Progress will be monitored on a monthly basis at joint meetings with Robertson Construction and NHS Tayside.
- The construction phase is projected to complete in December 2018, with the new facility becoming operational in 2019.

Bridge of Earn Surgery

- Hubco have indicated that they will release this project from the hubco pipeline as they cannot deliver a scheme within the previously agreed affordability cap. The Director of eHealth has written to the hubco Chief Executive requesting a formal written response.
- The NHS Project Team continues to review the options available to deliver the project objectives.

Tayside Community Care Project (Kingsway Care Centre)

- The overall bed modelling for the Care Centre has been completed and verified by external health care planners. The service model and resulting accommodation is now being added to the potential workforce modelling work to produce both capital and revenue requirements for the proposed new facility. Dundee Integration Joint Board (IJB) are reviewing the community facilities provision and until the outcome of this review is known, this potential project is on hold.
- NHS Tayside has carried out two reviews of Property Development Strategy with Dundee Health and Social Care Partnership in January, with a third scheduled in February. This will be used to inform a joint development plan that will include the Kingsway 2 project, with provision for Psychiatry of Old Age, Medicine for the Elderly and any other identified partnership needs. An update is to be taken to a Directors' meeting by the end of March 2017.

All the above projects received capital enabling funds allocated from ECT hub.

3.8 Donated Asset Additions

Donated asset additions for 2016/17 are estimated at £1.981 million.

3.9 Delegated Authority

In accordance with the Code of Corporate Governance, the exercise of delegated authority for capital items approved by the Chief Executive and the Director of Finance is reported to the Committee at Appendix 2 of the report.

4. MEASURES FOR IMPROVEMENT

The measures for improvement are set out in the individual business cases that constitute the capital forecast.

5. FINANCIAL IMPLICATIONS

The financial implications are noted throughout the report.

6. DELEGATION LEVEL

The level of delegation varies for each Business Case.

7. RISK ASSESSMENT

There are a number of risks of which the major ones are set out in Appendix 1 of the report.

The restricted formula capital funding received by the Board over the last three financial years has limited the ability of NHS Tayside to progress at pace the investment required to advance the Clinical Strategy and the Property Asset Management Strategy (PAMS).

The investment in the Ninewells infrastructure remains central to the critical path of a number of clinical priorities within the Board. This has resulted in the rescheduling of clinical projects in the Five year Capital Plan. The risks to the organisation are routinely considered, recognising the Board's requirement to provide a safe and effective healthcare environment.

In a similar vein, the level of revenue to capital transfer has also been restricted in recent years, recognising the particular pressures on the core revenue allocation stream. This provides an additional level of pressure, particularly when there are schemes with greater anticipated levels of non added value.

A significant proportion of the formula capital allocation has traditionally been ring-fenced for estate state statutory compliance and backlog maintenance, medical equipment, IM&T and Primary Care to support delivery of the PAMS. This leaves limited formula capital available to allocate to major infrastructure works or clinical projects, and alternative sources of funding need to be explored.

The prioritisation process undertaken to develop the rolling five year capital plan is currently being reviewed to ensure that the limited capital resources available continue to target the key priorities for the organisation.

For planning purposes Boards have been advised to assume a flat line position on formula capital allocations. SGHSCD has verbally advised of an indicative formula allocation of £9.473 million for NHS Tayside in 2017/18.

8. IMPLICATIONS FOR HEALTH

The implications for health are dealt with in the individual business cases that make up the capital programme.

9. TIMETABLE FOR IMPLEMENTATION AND LEAD OFFICER

SGHSCD Financial Monitoring Returns for the period to 31 January, 2017 were submitted to SGHSCD on 17 February, 2017.

Reporting to SGHSCD is on a monthly basis. The lead officer is the Director of Finance, with support from the Capital Finance Manager.

10. IMPACT ASSESSMENT AND INFORMING, ENGAGING AND CONSULTING

This report has been produced under the auspices of CSG.

11. EQUALITY AND DIVERSITY IMPACT ASSESSMENT

The equality and diversity impact is dealt with as part of each business case.

12. PATIENT EXPERIENCE

The capital programme contributes to the delivery of care and services across a range of environments in NHS Tayside.

Casey Millar
Senior Capital Accountant

Louise Lyall
Capital Finance Manager

Lindsay Bedford
Director of Finance

March 2017

Risks – Capital 2016/17	Risk Assessment		Risk Management/Comment
	Likelihood	Impact	
Timing of the completion of disposal of assets unpredictable	High	Up to £0.5m	Several sales expected in 2016/17. Bids already received for a number of properties. SFT providing master planning services to enable large sites for sale. Progress with disposals is being monitored through the Property workstream and an updated position around potential proceeds was reported to CSG in January 2017 and the Transformation Programme Board in February 2016. Further measures are being put in place through the Property Workstream to minimise the risk of delay in completion of key property sales in 2016/17.
Non added value capital spending may not be classified as impairments leading to risk of revenue cost pressure	Medium	Up to £0.5m	Non added value capital spend reviewed by valuers annually for completed projects to confirm level of impairments. Previous experience indicates that impairments will be accepted.
National impairment budgets may be insufficient leading to deferral of revenue savings and risk of revenue cost pressure	Medium	Up to £0.5m	Forecast impairments from planned rationalisation of estate communicated to SGHSCD.
Project does not deliver outcomes expected with consequent impact on services and additional funding required to resolve	Medium	Not quantifiable	Focussed design work undertaken with stakeholders prior to project approval. PPEs and POEs performed and recommendations and action plans developed.
Hub initiative: Complexity and governance process leading to delays and slippage with consequent impact on services	Low	Up to £1m	hub processes being managed. Risks associated with delayed projects managed by service leads. Financial close took place on 22 December, 2016.
Capital funding insufficient for necessary projects leading to prioritisation and consequent potential impact on services	Low	Up to £0.5m	Non added value budget for capital projects agreed at £2.0m. Budgets for estate statutory compliance and backlog maintenance reduced. Spend is risk prioritised and capital expenditure only incurred where budget allows. Statutory and backlog maintenance issues to be addressed over the next seven/eight year period. CSG monitors slippage of projects and manages annual capital budget. Risks associated with changing project schedules managed by service leads. NHS Tayside is in discussion with SGHSCD around the transfer of funding from the capital programme to support the revenue position. Through discussion with budget holders a number of schemes have been identified where the programme to completion has either already slipped or can be delayed which will reduce the level of non-added value funding requirement by c£1m in 2016/17.
Capital projects unaffordable in either revenue or capital terms	Low	Not quantifiable	New projects scrutinised by CSG for affordability. Projects managed and prioritised.
CRL exceeded	Low	Negligible	CSG manages capital budget and reports monthly to FandR Committee. Slippage identified in 2016/17 capital programme.

ARCHIVED RISKS

Hub initiative: Expectation to use general CRL for subordinated debt for DBFM projects	Low	Less than £0.3m	Planned NHSSPS DBFM project is national with additional CRL provided for subordinated debt.
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APPENDIX 2

CAPITAL SCRUTINY GROUP – DELEGATED AUTHORITY – CONTROL SHEET 2016-2017
01 April 2016 – 31 March 2017

ITEM 4
CSG 07/2017
15 MARCH 2017

DATE	Delegated Authority	Scheme	£	Signed and Returned date
18 March 2016	LMcLay/LBedford	Waste Scotland Regulation (2012) Food Waste Solution	£133,280.00	22 March 2016
14 July 2016	LMcLay/LBedford	Replacement Radiotherapy Equipment 2016/17 – Wide Bore CT Scanner	£797,000.00	10 August 2016
14 July 2016	LMcLay/LBedford	Replacement Radiotherapy Equipment 2016/17 – Verify & Record System	£467,418.00	10 August 2016
15 September 2016	LMcLay/LBedford	NHS Scotland Recycled Savings Scheme – Roof Insulation projects	£399,010.00	21 September 2016
15 September 2016	LMcLay/LBedford	Domestic Hot Water Waste Heat Recovery System – Ninewells Hospital	£210,590.00	21 September 2016
9 December 2016	LMcLay/LBedford	National Shared Services – Annual Capital Equipment Funding 2016/17	£62,737.00	16 December 2016
31 January 2017	LMcLay/LBedford	Purchase of Additional Data Storage	£100,000.00	6 February 2017
31 January 2017	LMcLay/LBedford	Non Medical Equipment, Central Decontamination Unit (CDU) Ninewells, Tracking and Traceability System Replacement	£45,600.00	6 February 2017
15 February 2017	LMcLay/LBedford	Capital Funding Request – Purchase of Essential Kitchen Equipment for Ninewells Hospital Catering Department	£44,554.22	16 February 2017
16 February 2017	LMcLay/LBedford	Purchase of Wi-Fi Controller Upgrade	£120,000.00	1 March 2017
28 February 2017	LMcLay/LBedford	NHS Scotland Recycled Savings Scheme –Further Insulation Programme	£165,419.00	1 March 2017

* Approved in 2015/16, however expenditure falls within 2016/17

NHS TAYSIDE CAPITAL FORECAST 2016/17						Appendix 3	
SUMMARY							
SOURCE OF FUNDS							
Allocation letter	10,557,376						
Anticipated allocations & adjustments	36,750						
Capital Grants	466,000						
Total capital funding	11,060,126						
	TOTAL PROJECT FORECAST			TOTAL EXPENDITURE SPLIT			
	May 16 Full Year Base Budget	Budget Changes	Revised Full Year Budget	CRL Expenditure to 31/01/17	NAV Expenditure to 31/01/17	TOTAL Expenditure to 31/01/17	
EAMS (including infrastructure projects)							
Statutory Compliance & Backlog Maintenance	3,518,799	-585,105	2,933,694	1,034,283	125,771	1,160,054	
Ninewells Infrastructure Works Phase 1 (Polyclinic)	350,000	-150,000	200,000	108,494	0	108,494	
Critical Care Unit incl SHDU & ICU Phase 1	500,000	-490,000	10,000	0	0	0	
Theatre Compliance	300,000	-241,220	58,780	8,059	0	8,059	
	4,668,799	-1,466,325	3,202,474	1,150,836	125,771	1,276,607	
OTHER STATE OF THE ESTATE PROJECTS							
ARCHIE - Twin Paediatric Theatres	124,332	-99,332	25,000	0	0	0	
Macmillan - Phase 1 Inpatient Palliative Care Bedrooms	220,604	0	220,604	86,366	6,304	92,670	
Macmillan - Phase 2 Day Unit	399,891	0	399,891	4,703	18,336	23,039	
Macmillan - Dedicated Day Assessment Unit & Treatment Area	178,715	0	178,715	0	17,640	17,640	
Minor Projects	458,994	865,632	1,324,626	174,335	35,113	209,448	
	1,382,536	766,300	2,148,836	265,404	77,393	342,797	
HUB PROJECTS (including enabling works)							
Hub NHSSPS Enabling	448,592	0	448,592	233,007	0	233,007	
Tayside Community Care	17,018	-17,018	0	0	0	0	
NHSS PSS Subordinated Debt	288,000	-11,790	276,210	276,210	0	276,210	
NHSS PSS Equipping Services	34,300	0	34,300	12,157	0	12,157	
Bridge of Earn	0	0	0	0	0	0	
	787,910	-28,808	759,102	521,374	0	521,374	
MEDICAL EQUIPMENT							
MEG Rolling Replacement Programme	2,000,000	73,578	2,073,578	1,842,046	0	1,842,046	
MEG Non Rolling Replacement Programme	1,150,000	-1,627	1,148,373	696,475	0	696,475	
Other Medical Equipment - NON MEG	123,291	110,449	233,740	154,689	0	154,689	
	3,273,291	182,400	3,455,691	2,693,210	0	2,693,210	
NON-MEDICAL EQUIPMENT							
Non-Medical Equipment	1,630,730	-822,825	807,905	379,212	0	379,212	
	1,630,730	-822,825	807,905	379,212	0	379,212	
RADIOTHERAPY REPLACEMENT PROGRAMME							
DD2 Radiotherapy Linac	187,000	-20,000	167,000	159,408	0	159,408	
DD5 Radiotherapy CT Scanner	797,000	-736,000	61,000	44,519	0	44,519	
DD9 Radiotherapy Record & Verify System	390,000	109,418	499,418	156,703	0	156,703	
PET / CT Scanner	2,350,000	-254,602	2,095,398	475	0	475	
DD3 Radiotherapy Linac	0	20,000	20,000	0	0	0	
	3,724,000	-881,184	2,842,816	361,105	0	361,105	
IM&T (including projects)							
IM&T Rolling Programme	650,000	220,000	870,000	272,000	193,757	465,757	
eHealth Investment Programme	307,000	-4,444	302,556	0	96,747	96,747	
Other IM&T Projects	68,402	2,849	71,251	63,248	0	63,248	
	1,025,402	218,405	1,243,807	335,248	290,504	625,752	
OTHER FORMULA CAPITAL							
Project Management & Staff Costs	496,920	-6,920	490,000	403,701	0	403,701	
Retraction funding including Aberfeldy	236,000	30,724	266,724	266,678	0	266,678	
	732,920	23,804	756,724	670,379	0	670,379	
CAPITAL GRANTS							
Capital Grants	716,289	-250,289	466,000	439,831	0	439,831	
	716,289	-250,289	466,000	439,831	0	439,831	
Total (including non-added value)	17,941,877	-2,258,522	15,683,355	6,816,599	493,668	7,310,267	
Added Value	11,156,396						
Non Added Value	1,879,995						
Capital Grants	466,000						
AME Impairment Current Year Estimate	2,180,964						
Total Forecast Gross Expenditure	15,683,355						
Less NBV of Disposals	-2,002,233						
Less Non Added Value	-1,000,000						
Less Other Non Added Value funding	-879,995						
Less Hub Repayment of Investment	-741,000						
FORECAST OUTTURN	11,060,126						
Total CRL Funding inc Capital Grants	11,060,126						
FORECAST OVER / (UNDER) SPEND	0						

Please note any items relating to Committee Business are embargoed and should not be made public until after the meeting



FRC23/2017
Finance and Resources Committee
16 March 2017

CORPORATE FINANCIAL REPORT FOR PERIOD ENDED 31 JANUARY, 2017

1. PURPOSE

The purpose of this report is to advise the Committee of the financial position of NHS Tayside as at 31 January, 2017.

2. RECOMMENDATION

Committee members are requested to note the current position and support the actions being taken to contain spend.

3. EXECUTIVE SUMMARY

This report is set in the context of the unbalanced 2016/17 Local Delivery Plan (LDP) submitted to Scottish Government Health & Social Care Directorate (SGHSCD) in May 2016.

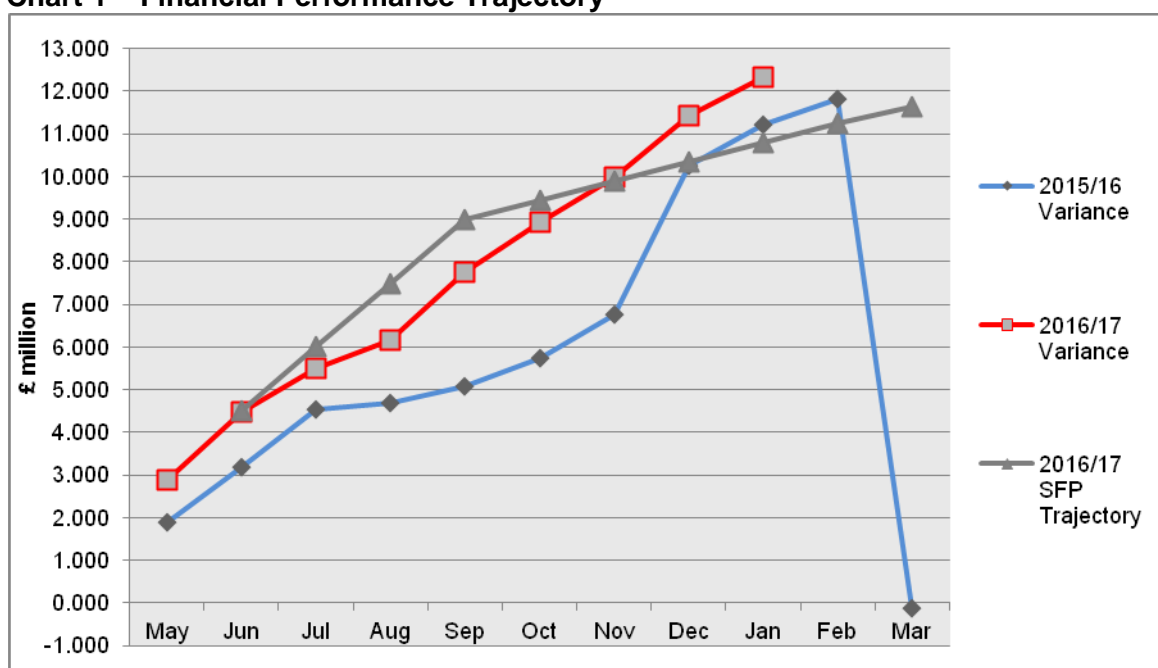
The LDP identified a potential deficit of £11.65 million in 2016/17, recognising both unidentified savings and an element of high risk savings proposals.

3.1 Financial Performance for the period to 31 January, 2017

NHS Tayside is reporting an overspend of £12.321 million for the 10 months to 31 January, 2017 (last month £11.422 million).

Chart 1 below measures performance to date against the unbalanced LDP trajectory and the previous year's position:-

Chart 1 – Financial Performance Trajectory



At this stage, the gap between performance and trajectory is £1.5 million.

A current assessment of the forecast outturn identifies a risk of up to £1.5 million (down from £2.0 million last month) in relation to delivering a position consistent with the LDP deficit.

There is still some way to go to come back in line with target. A significant number of risks and challenges remain for 2016/17, all of which will test the assumptions used in assessing the current position and the potential for further efficiency gains.

The Workstream Programme continues to focus on a range of accelerated actions to reduce the gap in the current year.

In addition to the Workstream Programme, all services and departments are actively engaged in the drive to reduce costs in the final two months of the year.

The financial position is summarised below:-

Table 1 - Operating Cost for the period to 31 January, 2017

	Annual Plan	Plan to Date	Actual to Date	Over/ Under(-)
	£000s	£000s	£000s	£000s
Core Operational Unit				
Access Group	72,640	60,710	59,660	-1,050
Medicine Group	119,220	100,463	104,728	4,265
Specialist Services Group	69,659	58,219	60,194	1,975
Surgery and Theatres Group	89,352	75,087	78,057	2,970
Regional Mental Health Services	6,216	5,473	5,379	-94
Tayside Communities	12,865	10,444	10,396	-48
Facilities & Operational Services	74,497	61,833	61,037	-796
OU Committed Earmarks	9,291	4,824	0	-4,824
Total Core Operational Unit	453,740	377,053	379,451	2,398
Integrated Joint Boards				
Angus	104,121	85,526	87,347	1,821
Dundee	154,609	125,472	128,730	3,258
Perth & Kinross	123,978	100,330	102,930	2,600
Total Integrated Joint Boards	382,708	311,328	319,007	7,679
Board/OU Corporate				
Area Wide Corporate Services	46,781	39,035	38,699	-336
Operational Unit Corporate Services	11,463	12,818	12,433	-385
Other Healthcare Services	21,824	18,245	19,851	1,606
Income	-18,192	-14,714	-14,540	174
Income from Other Boards & NES ACT	-62,864	-52,406	-52,749	-343
Depreciation	21,045	17,989	17,989	0
Profit (-)/Loss on disposal of Assets	-500	-53	-53	0
Board Committed Earmarks	631	-4,028	0	4,028
Board Reserves	4,300	2,500	0	-2,500
Total Board Corporate	24,488	19,386	21,630	2,244
Net Operating Cost for NHS Tayside	860,936	707,767	720,088	12,321

3.2 Key Issues to Note

- The results to January recognise a full 10 months of the £11.65 million gap identified within the unbalanced LDP submission to SGHSCD. This totals £9.708 million, with £4.848 million recognised in the IJBs and the balance of £4.860 million identified in the mainstream accounts.
- Tayside NHS Board, at their meeting on 27 October, 2016, approved the non recurring release of the £3.0 million Board Contingency on a proportionate basis to recognise the range of cost pressures evident across the system. The sum released to date totals £2.5 million.

- Current year cash savings requirements (CRES) are reflected in the financial position. Progress against the workstream programme is reported to the Transformation Programme Board. At the end of the 10 month period, efficiency savings delivery is £4.449 million behind trajectory.
- The three Integrated Joint Board (IJB) proposals on efficiency savings were considered by each of the governing Boards in June 2016.
- The IJBs have intimated their intention to invoke the Risk Sharing Agreement, particularly in respect of the devolved GP Prescribing budget.

3.3 Subjective Spend Analysis

The analysis of the overspend at 31 January, 2017, of £12.321 million by subjective heading is provided in Table 2 below.

Table 2 – Subjective Analysis for the period ended 31 January, 2016

	Annual Plan	Plan to Date	Actual to Date	Over/ Under(-)
	£000s	£000s	£000s	£000s
Pay	518,175	438,199	440,690	2,491
Prescribing	136,532	114,543	120,772	6,229
Other Non Pay	171,649	131,195	133,376	2,181
FHS- Unified & Non Discretionary	115,027	95,202	94,782	-420
Resource Transfer & Voluntary Sector	21,460	17,872	17,828	-44
Other Healthcare Services	25,014	20,750	21,810	1,060
Depreciation & Profit/Loss on Asset Disposal	20,545	18,045	18,045	0
Income	-150,994	-126,119	-127,215	-1,096
Service efficiencies yet to be Identified	-9,441	-5,216	0	5,216
Committed Earmarks	9,969	796	0	-796
Reserves	3,000	2,500	0	-2,500
Total	860,936	707,767	720,088	12,321

The three elements of Pay, Prescribing and Other Non-Pay are considered in more detail below.

3.4 Pay Costs and Workforce

The overspend on Pay for the nine month period is £2.491 million.

The analysis of pay costs by job family is presented in Table 3 below:-

Table 3 – Pay Costs by Job Family

Pay	Annual Plan	Plan to Date	Actual to Date	Over/ Under(-)
	£000s	£000s	£000s	£000s
Medical & Dental	126,559	106,455	107,722	1,267
Nursing	202,732	173,471	177,529	4,058
Health Science Services	21,399	17,621	17,460	-161
Allied Health Professionals	35,641	30,152	29,645	-507
Other Therapeutic	19,309	15,946	15,487	-459
Medical & Dental Support	5,274	4,876	4,635	-241
Administrative Services	63,576	53,034	51,299	-1,735
Senior Managers	6,075	5,076	4,368	-708
Support Services	37,134	31,303	31,187	-116
Personal and Social Care	1,523	1,291	1,358	67
Vacancy Factor	-1,047	-1,026	0	1,026
Total	518,175	438,199	440,690	2,491

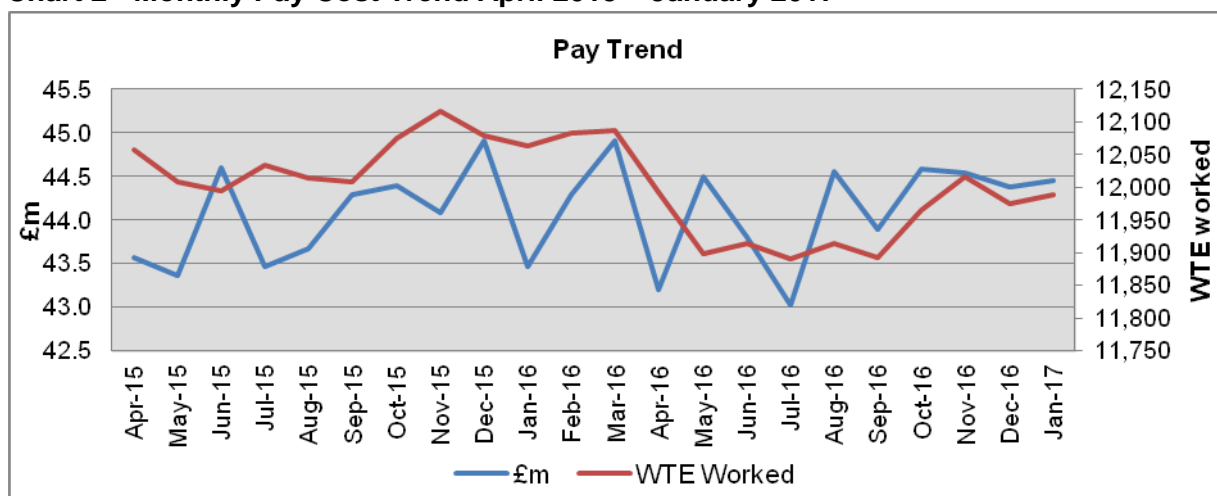
A number of pay issues were dealt with through the legacy aspect of the NHS Tayside Financial Framework 2016/17. This, together with the implementation of efficiency measures, has contained the level of overspend on pay in comparison with previous

years – the current overspend of £2.491 million (0.6%) compares with an overspend of £9.450 million (2.2%) for the same period last financial year.

Monthly Pay Costs and WTE

Chart 2 presents the monthly trend in pay costs and whole time equivalent (WTE) worked from the start of last financial year.

Chart 2 - Monthly Pay Cost Trend April 2015 – January 2017



The downward trend in WTE worked contributes to the relative improvement in the pay position noted above.

Numbers have fallen by 122 WTE since March 2016, reducing the Boards profile of spend by circa £3.7 million when compared with the same period last financial year.

While the overall trend is downwards, the movement in Chart 2 above confirms an increase in WTE worked figures towards the end of the calendar year. This reflects the engagement of close to 200 Newly Qualified Practitioners (NQPs), intended to manage areas of clinical risk and reduce reliance on supplementary staffing.

Table 4 – Monthly Profile

Staff Group	£m			WTE Worked		
	Apr-Nov	Dec-16	Jan-17	Apr-Nov	Dec-16	Jan-17
Medical & Dental	85.23	10.69	11.01	1,179.9	1,194.9	1,193.1
Nursing & Midwifery	142.35	17.69	17.90	5,310.9	5,333.6	5,331.2
Healthcare Sciences	13.69	1.79	1.74	489.2	496.9	496.0
Allied Health Professionals	23.76	2.95	2.97	859.1	866.3	866.5
Other Therapeutic	12.37	1.56	1.57	403.2	412.3	416.5
Medical & Dental Support	3.78	0.48	0.49	171.3	177.7	179.6
Admin & Clerical	40.90	5.15	5.16	1,982.6	1,978.8	1,978.3
Senior Managers	3.52	0.43	0.49	72.0	68.9	67.9
Support Services	25.14	3.51	2.99	1,431.8	1,412.9	1,425.4
Personal and Social Care	1.12	0.13	0.13	33.0	31.3	30.9
Total	351.86	44.38	44.45	11,932.9	11,973.6	11,985.4

Supplementary Costs

A comparison of supplementary costs with the previous year is presented in Table 5 on page 5. Supplementary Costs in graphical format are provided at Appendix 1 of the report.

Table 5 – Supplementary Costs

Supplementary Costs	Cumulative April – January		
	2015/16	2016/17	Inc/(Dec)
	£000s	£000s	£000s
Excess Part Time Hours	2,891	2,670	(222)
Overtime	2,582	2,730	149
Bank	3,891	4,458	567
Agency Costs	7,712	7,733	21
Total	17,076	17,591	515

In overall terms, costs are up by £515k (3%) from the previous year.

The increase in Bank costs reflects more extensive use of the Nurse Bank, with the aim of reducing premium costs associated with agency and overtime.

Agency costs appear relatively static, but the headline figure masks significant movements in both Nursing and Medical agency costs.

Nursing agency costs are £3.5 million for the period to date, down by £868k (20%) from last financial year, but still reflecting an average of close to 39 WTE engaged at the premium agency rate over the 10 months. Costs reduced significantly in the month of November following the appointment of NQPs – this level of reduced cost has continued through December and January.

Medical agency costs, at £3.7 million, are up by 40% on the previous year. This is predominantly within 'hard to fill' specialty areas.

Other Factors

A number of other factors impact on pay costs. These include:-

- **Delayed Discharges** - the number of bed days lost to delayed discharges in excess of 14 days is 22,931 for the period to January 2017, covering both Integrated Joint Board delegated services and the Core Operational Unit of the Board. This represents 75 beds, the equivalent of three wards.

At a notional cost of £150 per day, the resource impact in the first ten months is estimated at £3.4 million.

- **National Performance Targets** - the need to create and/or maintain theatre and ward capacity to meet waiting times guarantees adds to costs. To date, SGHSCD have allocated £3.3 million non-recurring funding for waiting times, which contributes towards a total of £5.8 million additional resource committed (pay and non-pay costs).
- **Surge Beds** - A level of winter surge beds have remained within the system since the start of the financial year due to capacity and flow issues. This has added £0.8 million to the position.
- **Medical Rotas** - The cost of non compliant Medical Training Grade rotas adds £0.8 million to the position to date. A number of further rotas are at risk - the potential exposure in the current year is up to £1.4 million.

The Operational Unit Medical Director has established a group involving relevant clinicians and managers and representation from Scottish Government to address the ongoing issue of rota compliance.

Workforce Efficiencies

A range of actions are in place to ensure the effective deployment of staffing resource. Current initiatives include:-

- roll out of eRostering;
- development of standardised shift patterns;
- review of Nurse bank operational arrangements;
- implementation of a direct engagement model for Medical Agency Locums, and
- provision of timeous data for ward areas.

The Workforce and Care Assurance workstream, set up as part of the Board's Transformation Programme, is currently forecasting the over-achievement of efficiency savings targets by up to £2.5 million for the Core Operational Unit, noting that this is dependent on the success of the accelerated initiatives currently in place.

The achievement of savings in 2016/17 reflects the embedding of 'business as usual' activities and the tackling of areas of variation. Looking forward, the scale of efficiency challenge facing the Board dictates the need for wider transformational change through the range of programmes in place as part of the Board's Clinical Strategy.

3.5 Prescribing

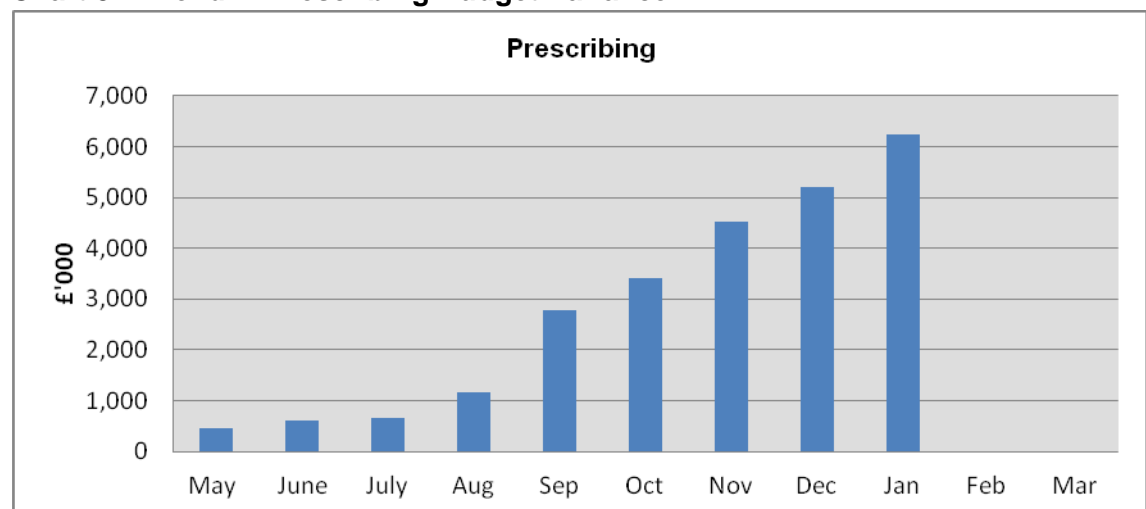
The prescribing overspend for the 10 month period is £6.229 million. Table 6 summarises the position:-

Table 6 – Prescribing Costs

	Annual Plan	Plan to Date	Actual to Date	Over/Under (-)
	£000s	£000s	£000s	£000s
FHS-Angus IJB	20,821	17,467	19,866	2,399
FHS-Dundee IJB	33,201	27,844	29,890	2,046
FHS Perth & Kinross IJB	26,155	21,918	23,742	1,824
Hospital & Community	56,354	47,314	47,274	(40)
Total	136,531	114,543	120,772	6,229

Chart 3 plots the trend in budget variance to date:-

Chart 3 – Trend in Prescribing Budget Variance



FHS Prescribing

The FHS Prescribing overspend of £6.269 million reflects growth in items (£1.3 million), an increase in prices (£1.7 million), and a shortfall in delivery of efficiency savings targets.

The NHS Tayside Financial Framework 2016/17 set an efficiency savings target of £4.5 million for FHS Prescribing, consistent with the 5.5% target applied across NHS Tayside, and noting Tayside's variance from Scottish average costs.

The unbalanced LDP submission to SGHSCD in May 2016 subsequently recognised that £2.0 million of the FHS Prescribing efficiency savings target was unlikely to be delivered in the current year.

Against a revised target of £2.5 million, the current efficiency programme identifies initiatives to the value of £1.3 million for 2016/17.

NHS Tayside's variance from Scottish average costs is increasing – cost per weighted patient has increased by 5.2% locally for the eight months to November 2016, compared with a Scotland-wide increase of 3.7% for the same period. This level of growth increases the gap to the Scottish average to 9.4% (last year 7.8%).

Chart 4 – Variation in Cost per Weighted Patient

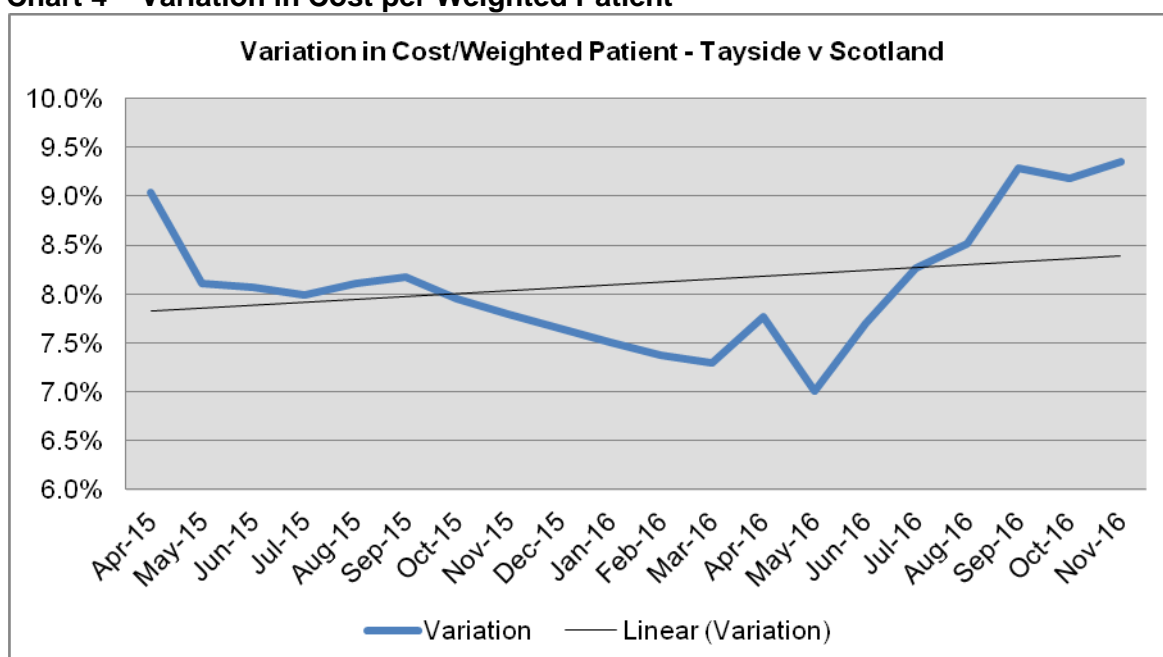


Chart 4 highlights the increase in the gap between Tayside costs and the Scottish average for the period from April 2015. The cost of this variation is close to £7.0 million per annum. This figure is in line with the projected overspend for 2016/17, demonstrating a clear link between the level of variation and budget overspend.

Key stakeholders continue to work collaboratively to tackle variation through the work of the Prescribing Management Group (PMG), supported by local Prescribing Forums within the IJBs. A range of accelerated initiatives are in the process of implementation

Secondary Care Prescribing

Hospital & Community medicine spend is contained within resources available. The current underspend assists the overall prescribing position but, with underlying expenditure patterns showing a sustained level of growth, this benefit is unlikely to continue.

New Medicines Fund

A first allocation of SGHSCD funding to Tayside through the New Medicines Fund is confirmed as being £1.2 million lower than the planning assumption included within NHS Tayside's Financial Framework 2016/17, noting that this assumption was based on

national advice at the time. While a further allocation is anticipated, a risk of £0.5 million remains.

Prescribing Efficiencies

A PMG is operational at a Tayside level comprising clinical, financial and managerial input from Clinical Groups and IJBs, and supported by corporate Pharmacy and Finance colleagues. PMG is also supported by prescribing/medicines forums within each of the Partnerships and Secondary Care. Delivery of actions will be supported by a Prescribing Support Network. Recent collaboration with both Ayrshire & Arran, and Fife Health Boards will also be extended.

For 2016/17, the focus on variation is reflected in the development of programmes within five key priority areas - quality prescribing visits (initially targeting practices at greatest variance to prescribing spend); projects aimed at specific drugs, rosuvastatin, lidocaine plaster, pregabalin, and review of the drugs formulary.

The full year effect of this programme will benefit the 2017/18 position.

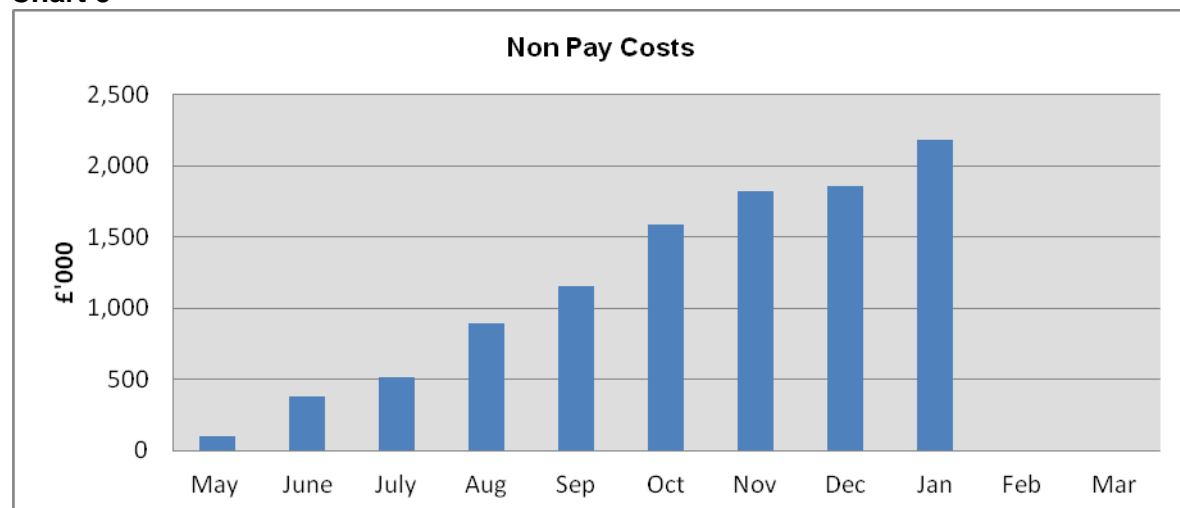
In addition, a number of medicines are expected to come off patent in 2017/18, the most significant of which is Pregabalin. A “windfall” saving of up to £2.4 million is expected in 2017/18, with a full year effect of £4.5 million. These figures are consistent with other Boards’ planning assumptions.

3.6 Non Pay Costs

Table 7 – Non Pay Costs

Non Pay	Annual Plan	Plan to Date	Actual to Date	Over/ Under(-)
	£000s	£000s	£000s	£000s
Clinical Supplies	57,603	48,322	50,495	2,173
Energy Costs	10,649	8,225	8,042	(183)
Other Supplies & Services	103,397	74,648	74,839	191
Total	171,649	131,195	133,376	2,181

Chart 5



Demand pressures continue to impact on the level of clinical supplies costs. Examples include diagnostic consumables, an increase in acute medical admissions, and rising referrals for cardiac investigation.

The energy position reflects benefits from the national pricing scheme.

The Workstream Programme relating to Procurement ensures that the required standard of products is procured at the most economically advantageous price. This workstream is on track to deliver the 2016/17 efficiency savings target in full.

The focus of the Facilities and Estates workstream will also derive benefit within non pay costs.

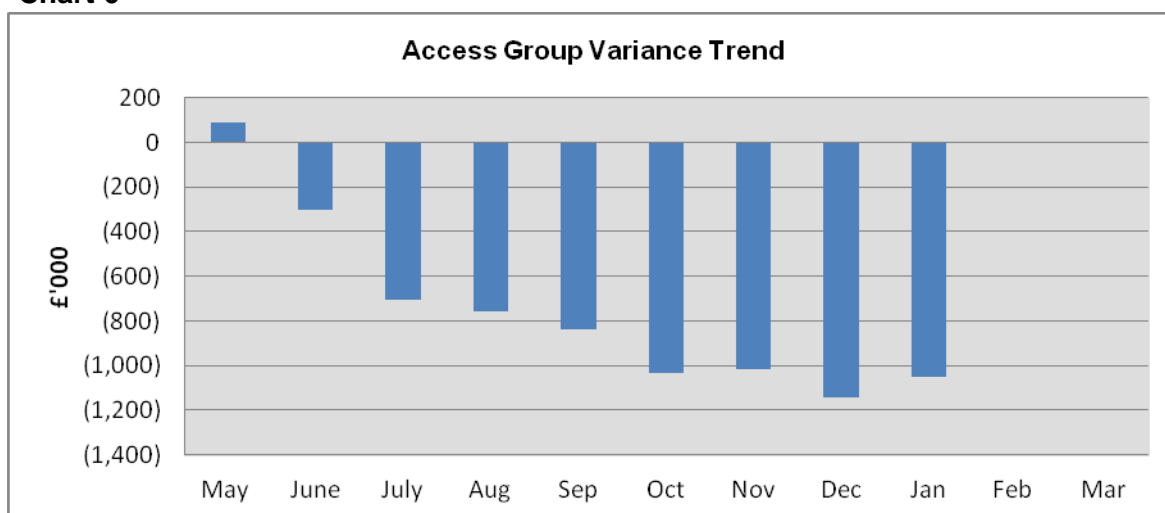
3.6 Group Summary

Access Group

Table 8 – Operating Costs for the period to 31 January, 2017

Service	Annual Budget £m	Budget to 31.01.17 £m	Actual to 31.01.17 £m	Variance £m
Access Management Team	0.494	0.410	0.404	-0.006
Diagnostics	40.210	33.722	33.770	0.048
H.A.I.	1.129	0.944	0.927	-0.017
Hosted Services	10.718	8.957	8.832	-0.125
Dental	8.673	7.235	6.435	-0.799
Pharmacy	11.419	9.443	9.291	-0.151
Total	72.642	60.710	59.660	-1.050

Chart 6

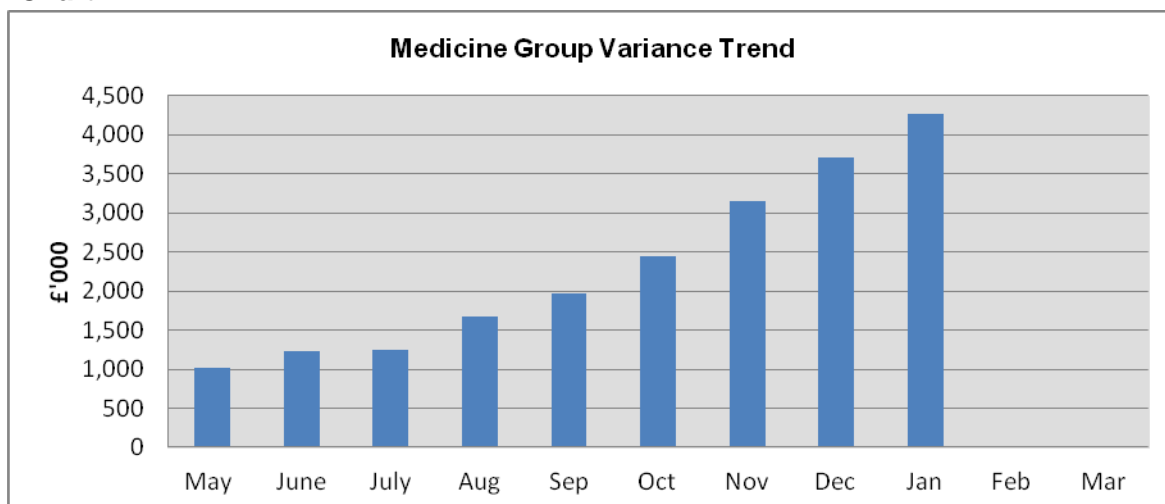


- The position within Access is supported through staff turnover and vacancies.
- Within the position the costs associated with maintaining waiting times during the MRI scanner replacement have been managed.
- Similarly, a new Advanced Nurse Practitioner model within Stracathro Regional Treatment Centre is being managed within existing funding.
- The iFit medical records tracking system has been implemented, where reduced staffing levels have offset the initial procurement costs and savings have now been delivered. The staffing model will now deliver recurring savings as anticipated.

Medicine Group

Table 9 – Operating Costs for the period to 31 January, 2017

Service	Annual Budget £m	Budget to 31.01.17 £m	Actual to 31.01.17 £m	Variance £m
Planned Care	40.238	34.569	37.602	3.033
Urgent Care	31.029	25.948	27.464	1.517
Women & Children Services	47.690	39.734	39.484	-0.250
Medicine Other	0.271	0.212	0.178	-0.034
Total	119.228	100.463	104.728	4.265

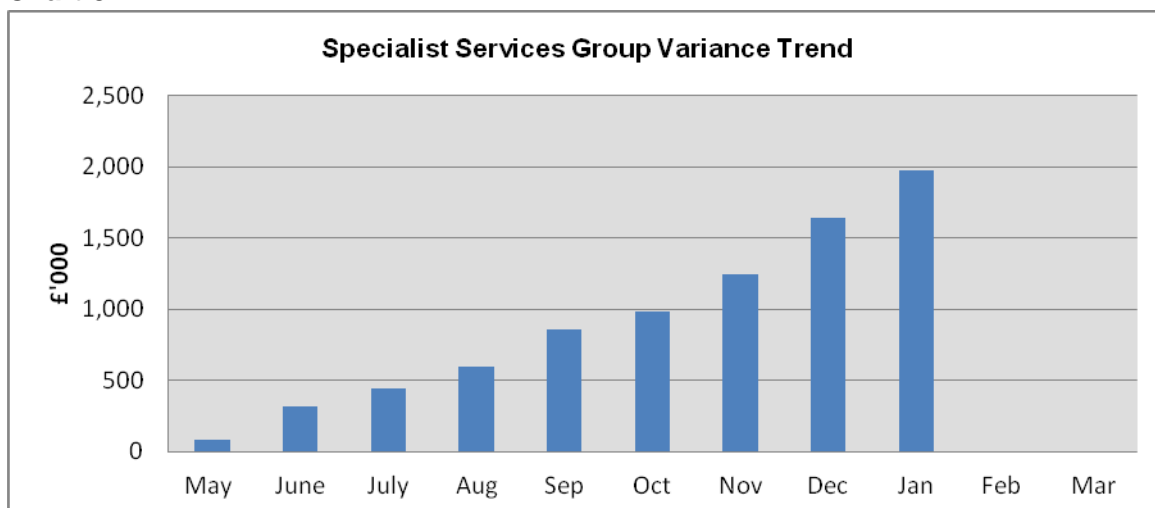
Chart 7

- Since April the service has continued to staff the acute surge beds across the medicine floor, and is reporting an overspend of £0.7 million at the end of January.
- Absence levels overall within the Group for the year to date are identified as 4.62%, although inevitably a small number of individual areas are reporting considerably higher levels. Higher absence, together with vacancies, continues to drive a level of supplementary and agency costs. Agency costs show a decrease of £15k in comparison with the same period last year, but remain significant at close to £2.4 million for the 10 month period. This equates to an average of 29 wte.
- Costs were incurred for a previously breached medical training grade rota. Whilst compliant, the additional costs were maintained until the changeover in August. The additional costs incurred total £0.2 million.
- eRostering has been rolled out across 19 wards with further roll out in the forthcoming months. This will facilitate the provision of more robust data to ensure the effective deployment of the workforce resource.
- Prescribing opportunities have been implemented through the use of biosimilars and continue to contain spend.
- Non pay costs within the Acute Medical Unit are up by £127k to date, reflecting increased patient numbers.
- Cardiac Services has seen a 30% increase in patient referrals from 2011 to 2015 resulting in an increase in the cath lab consumable spend of £246k to date.

Specialist Services

Table 10 – Operating Costs for the period to 31 January, 2017

Service	Annual Budget £m	Budget to 31.01.17 £m	Actual to 31.01.17 £m	Variance £m
Specialist Services	45.555	37.873	39.227	1.354
Oncology, Haematology & Renal	23.567	19.896	20.511	0.615
Specialist Services Other	0.539	0.449	0.456	0.006
Total	69.661	58.219	60.194	1.975

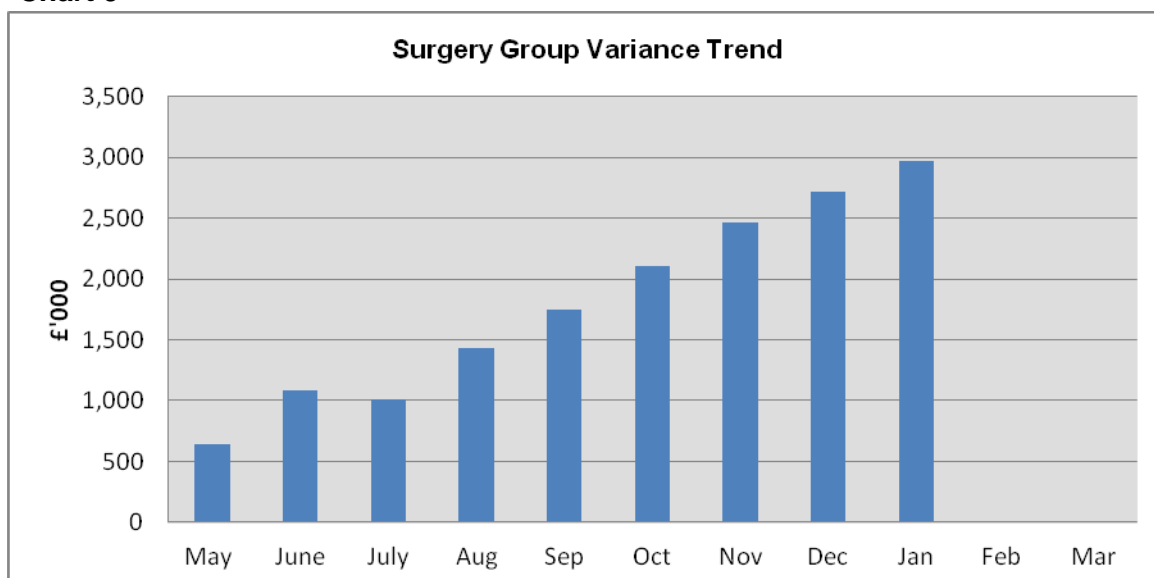
Chart 8

- A proleptic appointment within Ophthalmology contributes to the financial position of the Group.
- The impact of posts previously supported through other funding mechanisms continues.
- Specialist Services wards have now all been rolled out onto the eRostering system.
- Supplementary costs continue at a relatively low level for the Group which, at £654k to date, is £142k below the previous year level.
- Increased patient numbers, particularly within Oncology and Neurology, are adding to prescribing costs.
- The impact of new drug regimes can be significant within this Group and continues to be closely monitored.

Surgery

Table 11 – Operating Costs for the period to 31 January, 2017

Service	Annual Budget £m	Budget to 31.01.17 £m	Actual to 31.01.17 £m	Variance £m
General Surgery	28.978	24.251	25.740	1.489
Orthopaedics	21.926	18.363	18.045	-0.318
Theatres and Critical Care	37.789	31.934	33.962	2.029
Surgery Other	0.661	0.539	0.309	-0.229
Total	89.354	75.087	78.057	2.970

Chart 9

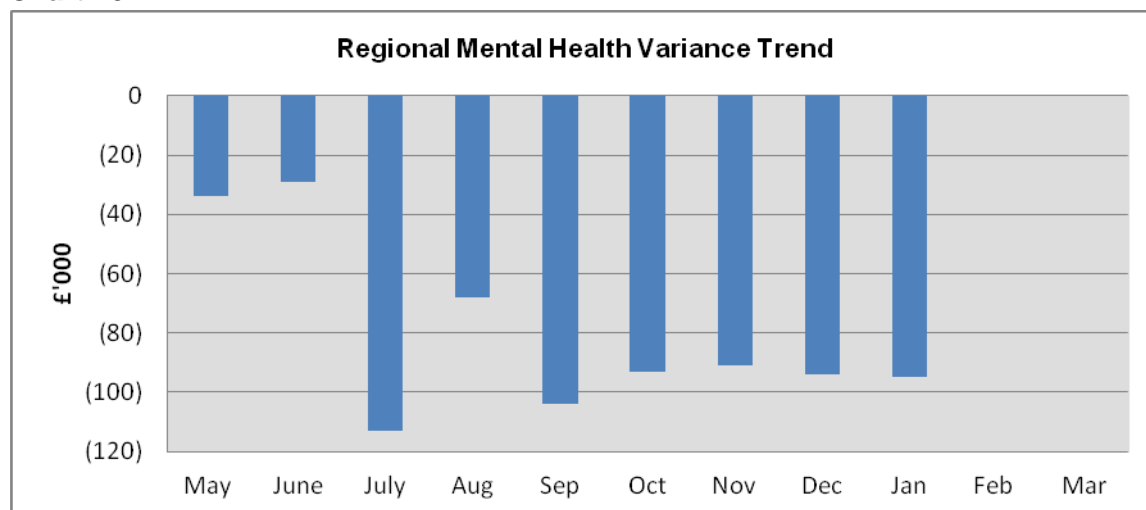
- Non compliant medical training grade rotas contribute to the position shown. Approximately £363k additional cost has been incurred to date.
- Nursing vacancies and absence levels have led to significant supplementary costs. In January the Group has maintained a reduced level of supplementary costs from the recent intake of Newly Qualified Practitioners.
- Supplementary costs are close to £3.0 million, however, this is a £410k reduction from the previous year's level.
- All Orthopaedic and General Surgery wards have been rolled out onto the eRostering system, together with the four Critical Care units.
- Additional costs of £115k since April have been incurred to support the additional acute surge beds.
- A review of the Orthopaedic wards has resulted in redesign, which is currently in the process of implementation.
- Prescribing costs at present are contained within the budgetary limits, with evidence that costs are reducing through the elimination of waste and increased efficiency across the wards.

Regional Mental Health

Table 12 – Operating Costs for the period to 31 January, 2017

Service	Annual Budget £m	Budget to 31.01.17 £m	Actual to 31.01.17 £m	Variance £m
Forensic Services	5.257	4.383	3.927	-0.456
Other Services	1.169	1.251	1.452	0.200
Centrally Managed Budget	-0.209	-0.161	0.000	0.161
Total	6.218	5.473	5.379	-0.095

Chart 10



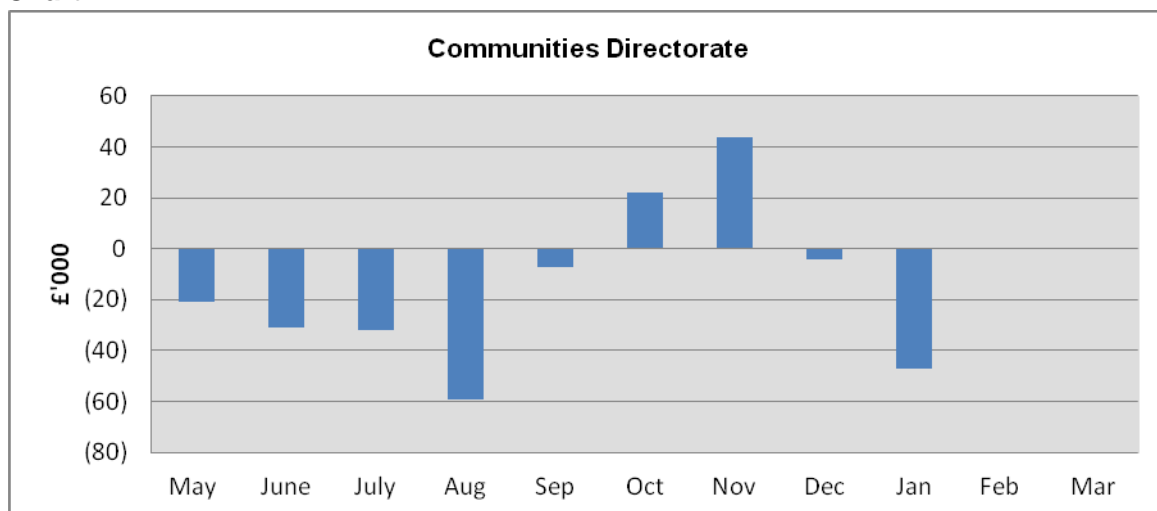
- Agency cover totalling £535k has been incurred in the 10 month period, principally in relation to training grade medical staff and the challenges that have been highlighted in levels of staffing.
- Supplementary costs (excluding Agency) are relatively small for this group at £306k which includes £210k incurred in relation to overtime. The premium impact of overtime equates to £70k.
- Forensic Medium Secure unit continues to benefit from income received in respect of several patients being treated from areas outwith the consortium, however this is deemed non-recurring income.
- Medical Training Grades continues to incur additional costs as a result of a non compliant rota.

Tayside Communities

Table 13 – Operating Costs for the period to 31 January, 2017

Service	Annual Budget £m	Budget to 31.01.17 £m	Actual to 31.01.17 £m	Variance £m
Children & Young People	11.915	10.730	10.441	-0.290
Primary Care	0.157	0.051	-0.044	-0.095
Primary & Community Reserves	0.795	-0.338	0.000	0.338
Total	12.867	10.444	10.397	-0.047

Chart 11



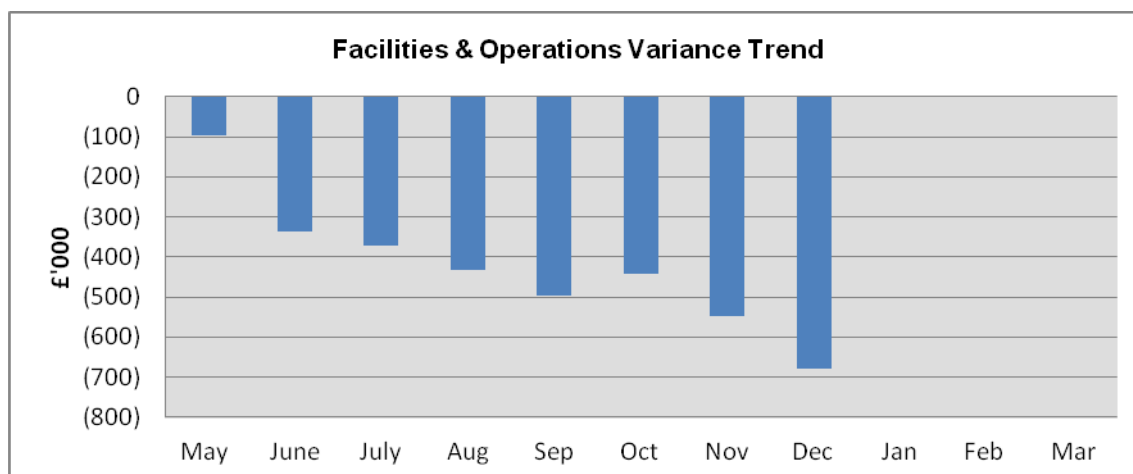
- Supplementary costs are minimal for this area.
- Vaccine costs remain within the identified financial budgetary limit.
- Child and Family Services are underspending due to difficulty in recruiting trained Health Visitors, which has led to the temporary covering of a large element of the savings target on a non-recurring basis.

Facilities & Operations

Table 14 – Operating Costs for the period to 31 January, 2017

Service	Annual Budget £m	Budget to 31.01.17 £m	Actual to 31.01.17 £m	Variance £m
Property	40.105	33.076	32.333	-0.742
Site Support Services	29.667	24.771	24.729	-0.042
Procurement	1.196	0.990	0.969	-0.021
Production Unit	2.426	2.067	2.146	0.079
Tayside Pharmaceuticals	-0.157	-0.278	-0.314	-0.035
General Management	1.261	1.208	1.174	-0.034
Total	74.497	61.833	61.037	-0.796

Chart 12



- Energy price negotiations through the National Procurement Framework have seen a significant reduction in the unit price for gas. This equates to approximately a 30% reduction.
- Property services has commissioned an external consultant to review waste and variation within utility charges across Tayside, with an indication that clawback will be obtained of circa £0.5 million, together with a small recurring benefit.
- Central Legal Office costs continue to increase, reflecting the level of activity across the principal areas of contact with the centralised function.
- Agency costs have virtually been eliminated from this Group.
- The premium impact of overtime equates to £187k.

Integrated Joint Boards (IJBs)

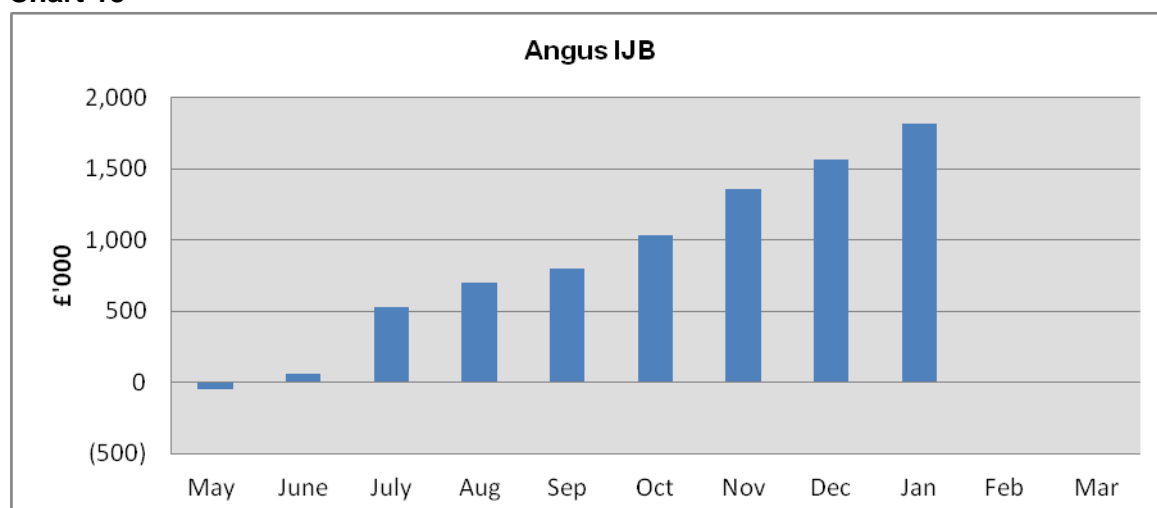
The positions identified for the three IJBs reflect the cross charging for services presently hosted within each of the bodies. A standard split is in place across each of the three bodies. This sees a sharing of any reported over/underspend for each Hosted function.

Angus IJB

Table 15 – Operating Costs for the period to 31 January, 2017

Service	Annual Budget £m	Budget to 31.01.17 £m	Actual to 31.01.17 £m	Variance £m
Core Revenue - Pay & Supplies	49.599	40.078	39.730	-0.348
Core Revenue - FHS Prescribing	20.821	17.467	19.866	2.399
Core Revenue - Hosted Services	5.871	4.964	4.816	-0.148
General Medical Services	16.424	13.539	13.466	-0.073
FHS Cash Ltd & Non Cash Ltd	11.406	9.478	9.469	-0.009
Total	104.121	85.526	87.347	1.821

Chart 13



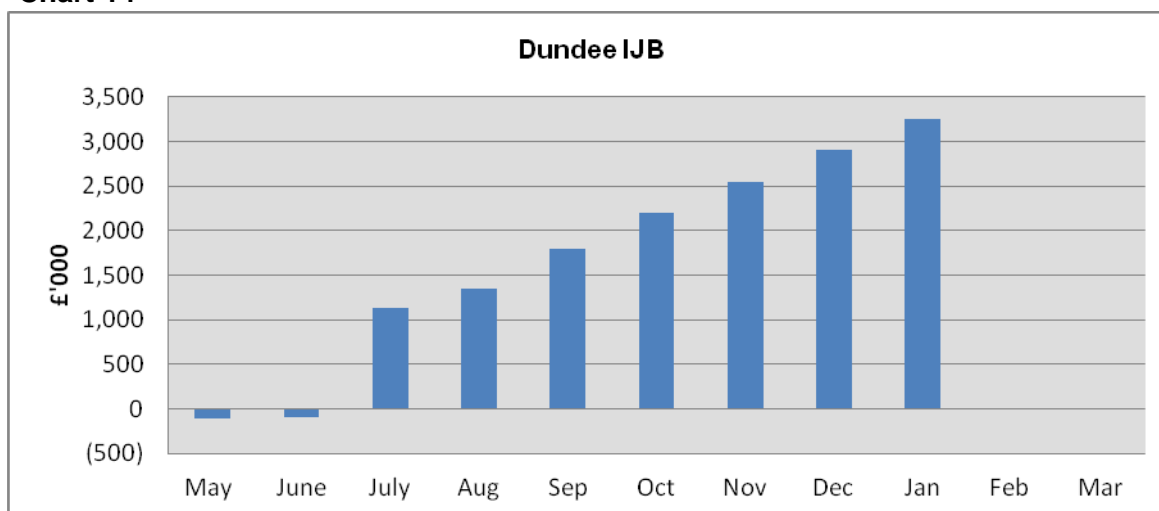
- Angus IJB considered the devolved budget and range of proposed savings measures and work programmes at its meeting on 29 June, 2016.
- A risk around the delivery of the devolved GP Prescribing Budget has been reported.
- PMG has been established at a Tayside level comprising clinical, financial and managerial input from Clinical Groups and IJBs, and supported by corporate Pharmacy and Finance colleagues. PMG will be supported by prescribing/ medicines forums in each of the partnerships/secondary care. Delivery of actions will be supported by a Prescribing Support network.
- Risks are also identified in relation to the Forensic Medical Service with particular regard to medical staffing.

Dundee IJB

Table 16 – Operating Costs for the period to 31 January, 2017

Service	Annual Budget £m	Budget to 31.01.17 £m	Actual to 31.01.17 £m	Variance £m
Core Revenue - Pay & Supplies	72.023	56.895	57.051	0.156
Core Revenue - FHS Prescribing	33.201	27.844	29.890	2.046
Core Revenue - Hosted Services	4.694	3.771	4.955	1.184
General Medical Services	24.636	20.308	20.199	-0.109
FHS Cash Ltd & Non Cash Ltd	20.055	16.654	16.636	-0.018
Total	154.609	125.472	128.731	3.259

Chart 14

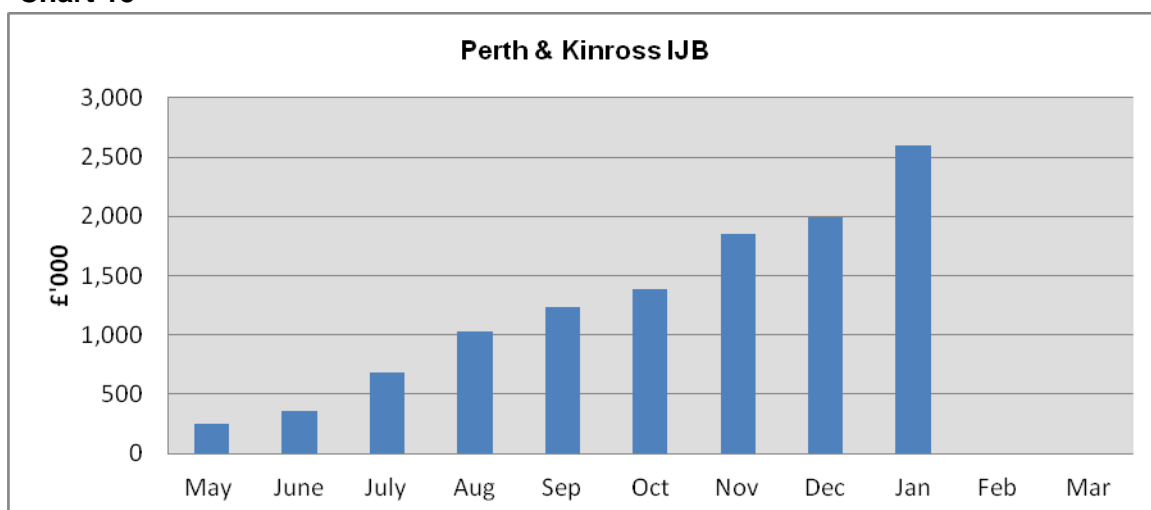


- Dundee IJB considered the devolved budget and range of proposed savings measures and work programmes at its meeting on 28 June, 2016.
- A risk around the delivery of the devolved GP Prescribing Budget has been reported with the stated intention of invoking the risk sharing agreement.
- The due diligence and transfer of resources for the Medicine for the Elderly budgets in relation to medical staffing has not yet been finalised.
- High supplementary staff costs, particularly in Royal Victoria Hospitals wards, continue to be monitored, with work ongoing to address this, including service review and redesign.

Perth & Kinross IJB

Table 17 – Operating Costs for the period to 31 January, 2017

Service	Annual Budget £m	Budget to 31.01.17 £m	Actual to 31.01.17 £m	Variance £m
Core Revenue - Pay & Supplies	72.861	57.764	59.685	1.921
Core Revenue - FHS Prescribing	26.155	21.918	23.742	1.824
Core Revenue - Hosted Services	-10.565	-8.735	-9.771	-1.036
General Medical Services	22.110	18.226	18.127	-0.099
FHS Cash Ltd & Non Cash Ltd	13.417	11.157	11.146	-0.011
Total	123.978	100.330	102.929	2.599

Chart 15

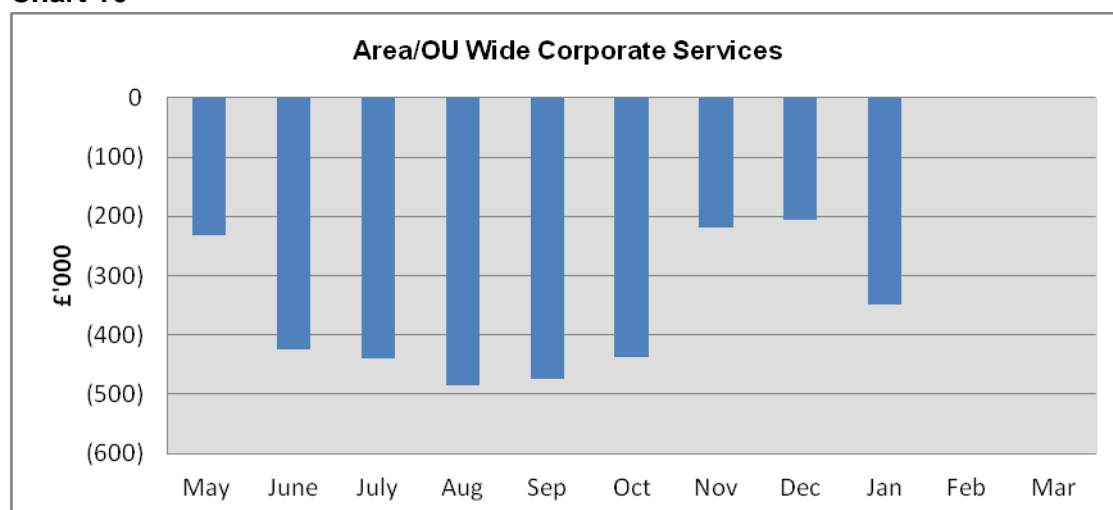
- Perth & Kinross IJB considered the devolved budget and the work undertaken by the Chief Finance Officer and wider partnership team to develop a robust financial recovery plan.
- In a similar vein to the other IJBs, noted the risk around the delivery of the devolved GP Prescribing budget.
- In addition, the IJB noted the significant financial risk which remains to the use of supplementary staffing across a number of directly delegated services and the progress being made to manage this risk in 2016/17 and future years.
- High locum spend in both General Adult Psychiatry and Learning Disability continues recognising recruitment challenges. This is not expected to be resolved in the short term.

Area/OU Wide Corporate Services

Table 18 – Operating Costs for the period to 31 January, 2017

Service	Annual Budget £m	Budget to 31.01.17 £m	Actual to 31.01.17 £m	Variance £m
Public Health/Health Promotion	5.361	4.209	4.125	-0.084
Drug and Alcohol Teams	2.186	1.846	1.846	0.000
Medical Education	0.265	0.221	0.211	-0.010
Finance	8.239	6.839	6.646	-0.193
eHealth	14.382	12.554	13.180	0.626
Human Resources	5.443	4.571	4.588	0.017
Pharmacy	0.329	0.211	0.218	0.007
Board Corporate	5.715	4.472	4.374	-0.098
Corporate Earmarks	2.192	2.707	2.105	-0.602
Corporate Medical & Nursing	5.650	4.782	4.450	-0.332
Other Corporate	5.813	8.036	7.983	-0.053
North of Scotland Planning Group	2.669	1.405	1.779	0.374
Total	58.244	51.853	51.505	-0.348

Chart 16



- WTE Worked has fallen by 14 wte since the start of the financial year.

3.7 Efficiency Savings

In submitting an unbalanced LDP to SGHSCD at the end of May 2016, cognisance was given to the in year delivery of what were regarded as high risk initiatives. The risk recognised both the ability to deliver in the anticipated timescale and the ability to deliver on the monthly anticipated financial efficiency.

Whilst the core workstream programme was initially considered on a NHS Tayside basis, it now recognises the delegation of resources to the IJBs who, in considering the mechanisms to deliver on the overall efficiency devolved, were free to consider any actions that contained spend patterns. The ability to participate in the workstream programme is, however, not excluded and is indeed welcomed.

The current position against the workstream programme is depicted below, together with the position of the IJBs in order to provide a NHS Tayside perspective.

Table 19 – Efficiency Savings

Workstream/Intitutive	Annual Plan	Revised 2016/17 Plan LDP Submission	Plan to Jan (excl IJB)	Achieved to Jan	Unachieved Savings to Jan
	£'000	£'000	£'000	£'000	£'000
Service Redesign	2,000	1,300	130	0	130
Facilities & Estates	2,000	2,000	1,534	1,115	419
Better Buying & Procurement	1,750	1,750	1,349	1,444	-95
Workforce	17,000	14,900	9,104	8,241	863
Realistic Medicine	10,050	7,250	3,409	2,279	1,130
Operational Efficiencies	1,000	1,000	563	798	-235
Repatriation	1,500	1,500	1,125	0	1,125
Alcohol & Drugs	600	300	250	250	0
Corporate	12,000	12,250	10,200	11,166	-966
National Initiatives	10,500	0	0	0	0
Asset Disposal Proceeds	0	4,500	1,146	1,038	108
Total Workstreams	58,400	46,750	28,810	26,331	2,479
			Plan to Jan IJB	Achieved to Jan	Unachieved Savings to Jan
Integrated Joint Boards			5,729	3,759	1,970
Total Efficiencies	58,400	46,750	34,539	30,090	4,449
Shortfall Against Original		11,650			

Plan Per LDP Submission					
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A shortfall of £4.449 million is identified against the planned efficiency target to date (last month £4.557m), with notable variances from plan within Rostering, FHS Prescribing, and Repatriation.

The current programme is forecast to deliver £45.25 million in 2016/17, which remains short of the target of £46.75 million identified through the unbalanced LDP, but represents a £0.5 million improvement from the previous month's position. It is estimated that £22.2 million (49%) of this will be delivered on a recurring basis.

Table 20 below summarises the forecast position.

Table 20 - Forecast Efficiency Savings Delivery 2016/17

Workstream/Initiative	Recurring	Non Recurring	Total 2016/17
	£'000	£'000	£'000
Service Redesign	0	0	0
Facilities & Estates	1,400	500	1,900
Better Buying & Procurement	1,600	0	1,600
Workforce	11,050	2,600	13,650
Realistic Medicine	3,050	0	3,050
Operational Efficiencies	700	800	1,500
Repatriation	300		300
Alcohol & Drugs	0	200	200
Corporate	0	15,250	15,250
National Initiatives	0	0	0
Asset Disposal Proceeds	0	2,500	2,500
Total Workstreams	18,100	21,850	39,950
Integrated Joint Boards	4,100	1,200	5,300
Total Efficiencies	22,200	23,050	45,250

The figures include a range of accelerated initiatives within Workforce, Realistic Medicine, Operational Efficiencies, and Corporate headings. The Board considered the programme in respect of Nursing & Midwifery Staffing and Medicines Management at its meeting on 1 December, 2016.

Given the potential shortfall of £1.5 million, all opportunities to close the gap by year end are being considered.

Consultation with SGHSCD colleagues is ongoing.

The impact of initiatives implemented is not solely on 2016/17. The Financial Framework set out a target of 40% of efficiency savings to be delivered on a recurring basis. The identified recurring savings total of £22.2 million from Table 20 represents 38% of the overall efficiency target of £58.4 million, so current performance is marginally below stated planning assumptions.

The progress of the workstreams is monitored though the Transformation Programme Board.

3.8 Board Committed Earmarks

During the course of any financial year, the Board receives a number of SGHSCD financial allocations which are in addition to the baseline revenue allocation confirmed at the start of the year.

However, there is normally an unavoidable timing difference between the receipt of an SGHSCD allocation and expenditure being incurred, due to the necessary inter-agency consultation and the governance approvals process.

This means that allocations received in 2016/17 may not be expended until the following financial year. This slippage on committed earmarks, also referred to as deferred expenditure, is planned for through the annual budgeting process. The annual budget therefore includes two specific elements:-

- i. A deferred expenditure target, which is a planned level of slippage on committed earmarks received during the course of the year or on allocations remaining from previous years - the target for 2016/17 is £23.5 million, and
- ii. A level of funding to meet, or effectively reinstate funding for, deferred expenditure carried forward from a previous year - funding provided for 2016/17 to meet 2015/16 deferred expenditure is £22.5 million.

Both of these elements are considered in the main through management of Board reserves and allocations.

In closing 2015/16, deferred spend was £3.2 million greater than planned due to late notification of slippage. This creates a financial pressure in 2016/17 that is managed through both a review of deferred spend brought forward and board reserves. The full amount has been identified.

In relation to the deferred spend target of £23.5 million for 2016/17, the main risk to delivery of this target was the re-routing of central partnership funding through IJBs to Local Authorities. These funds would previously have been hosted by NHS Tayside, with inherent delays in the use of funds contributing towards the deferred spend target. Essentially, the Board has lost a degree of flexibility in the management of funds, as a number of high-value allocations are passing straight through to IJBs.

Chief Finance Officers have been actively engaged in discussion to manage the position in the current year. Steps have also been taken to manage Board reserves and earmarks in a robust fashion to meet the target, without compromising the use of funds for intended purposes.

As a result, the deferred spend target is now assessed as being deliverable in the current year.

Proposals to manage the risk exposure from next financial year are included within the draft 'Financial Framework 2017/18 - 2021/22' to be considered by Committee.

3.9 Forecast Outturn

Tayside NHS Board considered the Forecast Outturn at its meeting on 27 October, 2016. The focus of the organisation remains on delivering a position that minimises the shortfall on resources at year end, with the outer limit reflecting the unbalanced LDP submitted in May to SGHSCD.

The current risk is £1.5 million.

In recognising this, the Board has responded through the development of further efficiency proposals. Assessments on the Forecast Outturn at an individual Group/Service Area level inform the overall corporate assessment, recognising the current spend patterns and those initiatives that are presently in place.

3.10 Board Contingency

The financial plan approved by the Board provided a total contingency for 2016/17 of £4.3 million. Of this resource, £1.3 million is set aside to respond to environmental issues, leaving a general contingency of £3.0 million.

At this stage of the year, a £2.5 million proportionate share of the general contingency has been released to offset a range of cost pressures, including the cost of surge beds remaining open; the additional costs of "hard to recruit to" medical posts, and non

compliant medical rotas. This reflects the agreement of Tayside NHS Board at its meeting on 27 October, 2016.

3.11 Reconciliation to Approved Financial Plan

A reconciliation of anticipated resources per the approved financial plan to the updated position at 31 January, 2017, is included in Table 21. The variation on anticipated allocations received to date is entirely related to ring fenced earmarks.

Table 21 – Reconciliation of Total Resources as at 31 January, 2017

	Core RRL	Non Core RRL	Non Discretionary	Total Resources
	£'000	£'000	£'000	£'000
Approved Financial Plan	777,421	31,930	42,642	851,993
Variations on anticipated allocations	7,755			7,755
Revision to Non-discretionary			-220	-220
Revision to Non Core		1,408		1,408
Total Resources at 31 January, 2017	785,176	33,338	42,422	860,936

3.12 Cash Requirement

The cash requirement, which is one of the statutory targets the Board is required to meet, is the financing requirement to fund the cash consequences of the ongoing operations and net capital investment. SGHSCD has not yet set the cash requirement target for NHS Boards.

4. MEASURES FOR IMPROVEMENT

Efficiency improvements are reported in paragraph 3.7. Other measures are noted in the risk assessment attached at Appendix 2, which focuses on Year 1 of the Financial Framework.

5. RESOURCE IMPLICATIONS

Financial

Financial implications are advised throughout this report.

Workforce

Workforce implications are managed at both a strategic and operational level, consistent with the Board's plans.

6. DELEGATION LIMIT

Not applicable.

7. IMPLICATIONS FOR HEALTH

As ever, there is a requirement to balance service demand with resource availability.

8. TIMETABLE FOR IMPLEMENTATION AND LEAD OFFICER

SGHSCD financial monitoring returns for the period to 31 January, 2017, were submitted to SGHSCD on 17 February, 2017.

The lead officer is the Chief Executive in her role as Accountable Officer, with support from Directors, and specifically the Director of Finance.

9. IMPACT ASSESSMENT & INFORMING, ENGAGING & CONSULTING

Board and Integrated Joint Board reports and returns have been used in the compilation of this report. Wider engagement opportunities have been initiated with the clinical fraternity and

senior management groups on the Board's financial framework and associated challenges and opportunities.

10. EQUALITY & DIVERSITY IMPACT ASSESSMENT

The equality and diversity impact is considered as part of each business case.

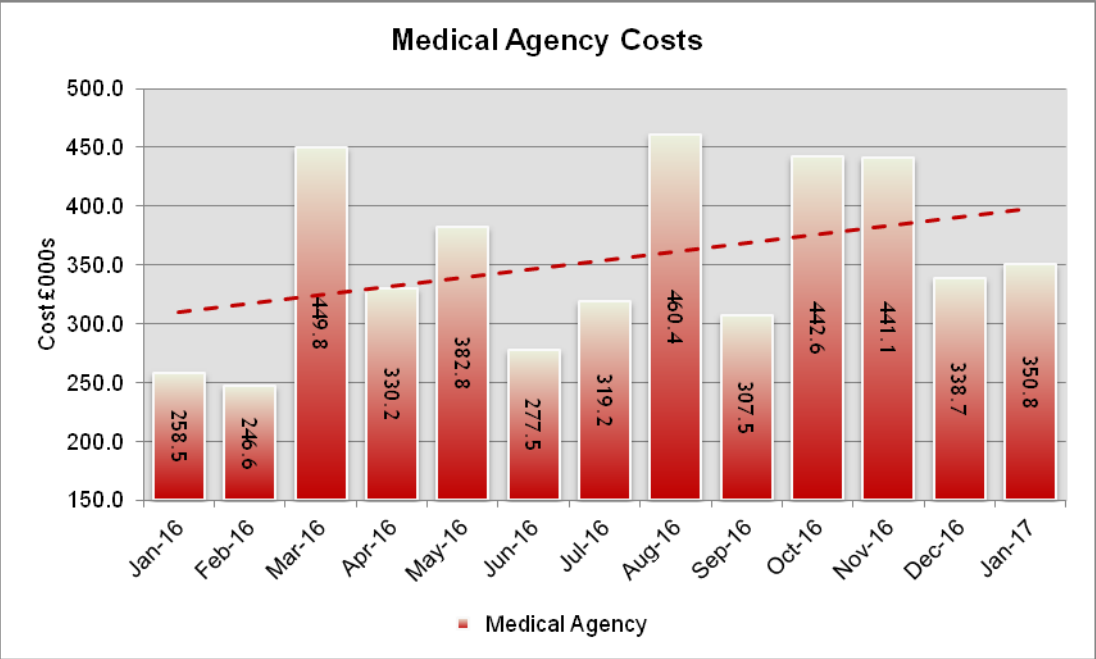
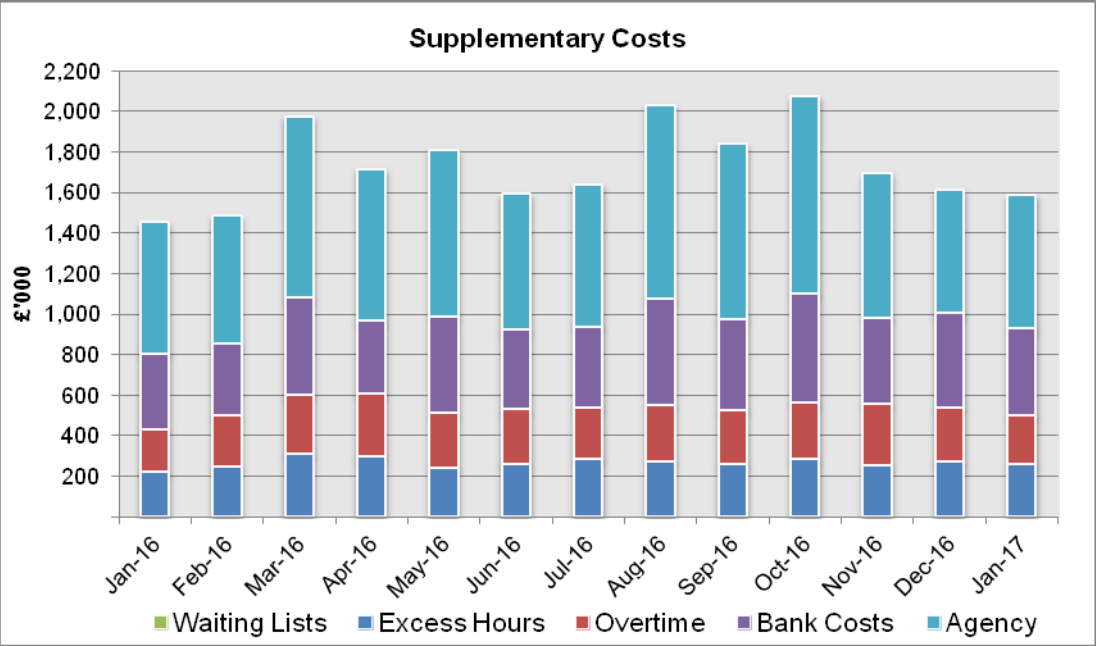
11. PATIENT EXPERIENCE

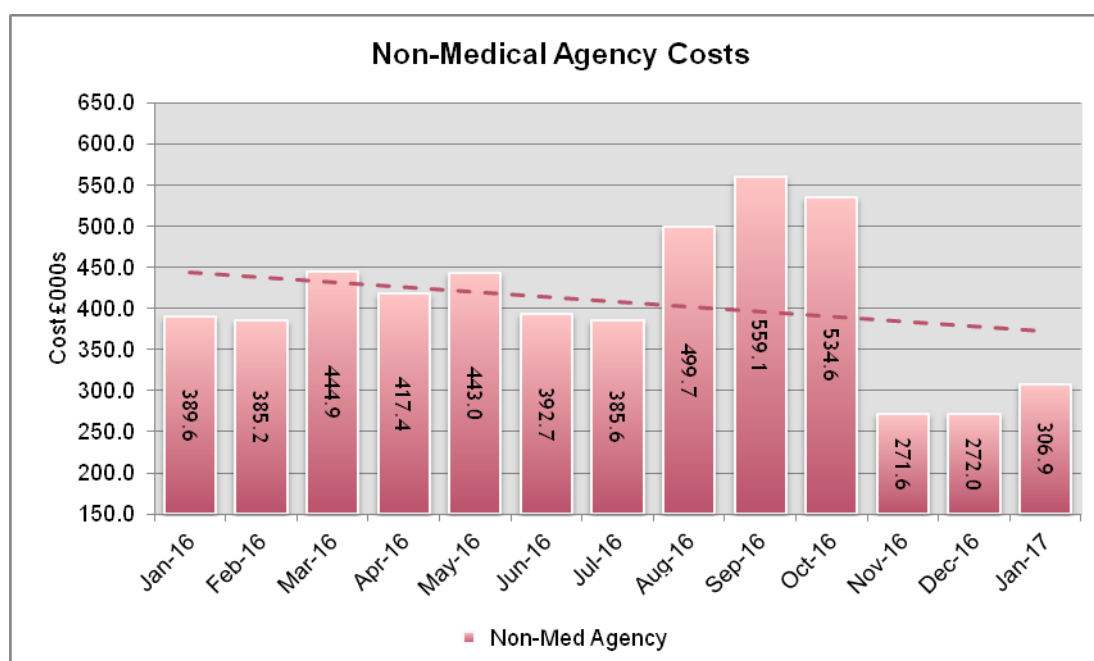
Contributes to the delivery of care and services across a range of environments in NHS Tayside. As part of the engagement programme highlighted above, a wider dialogue with both patients staff and public will be initiated.

Stuart Lyall
Head of Finance

Lindsay Bedford
Director of Finance

March 2017





RISK ASSESSMENT 2016/17

Appendix 2

Risks – Revenue	Risk Assessment		Risk Management/Comment
	Likelihood	Impact	
Cost reduction target of £46.75m (net of LDP deficit) for 2016/17 not achieved in full.	High	Up to £1.5m	Strategic Transformation Programme Board (STPB) established to provide a governance and reporting framework for monitoring of the workstream programme and wider cost reduction plans. Accelerated initiatives being considered/adopted/implemented
Recurring savings achievement falls short of financial plan assumptions.	High	Up to £1.0m	Current Strategic Financial Plan (SFP) assumes 40% recurring savings achievement in 2016/17.
Medicines cost and volume increases higher than planned.	High	Up to £3.0m	SFP provides for an uplift of £6.0m for FHS Prescribing; £2.7m for Secondary Care. Efficiency Programme supported through the Realistic Medicine Workstream. Availability of £4.6m New Medicines Fund from SGHSCD.
Activity growth, patient acuity levels, or service pressures greater than anticipated.	High	Up to £3.0m	Position subject to ongoing review, with implementation of revised efficiency plans where necessary.
Reliance on supplementary staffing continues at current levels.	High	Up to £2.0m	Initiatives to reduce premium rate staffing costs initiated through the Workforce & Care Assurance Workstream. Real-time RAG status reporting developed to ensure effective deployment of overall Nursing resource. Centralised Rostering Bureau. eRostering roll-out.
Delayed Discharges remain within the hospital system, thereby inhibiting bed re-profiling and patient flow, and impacting on TTG targets through cancellation of elective activity.	High	Up to £4.0m	£11m Social Care and Delayed Discharge funding allocated to IJBs.
Profit on disposal of assets – the timing and amount of asset disposal proceeds is unpredictable.	High	Up to £0.4m	Framework for delivery supported through workstream programme.
SGHSCD anticipated funding allocations may be less than anticipated through financial plans.	High	Up to £0.5m	Potential exposure around New Medicines Fund.
Environmental control risk (Mental Health) – cost of property upgrades exceeds contingency.	High	Up to £1.0m	Costs to be incurred in 2017/18.
Funding sources assumed within the 2016/17 efficiency plan not available (Non DEL, NPDO refinancing).	High	Up to £1.0m	DEL Funding confirmed through SGHSCD allocation, and is in line with planning assumptions. Other risks remain.

Costs incurred following approval of new medicines nationally are not contained within the overall prescribing uplift.	High	Up to £0.5m	Position kept under review by the Medicines Management Group following SMC approval of drugs.
Enhancements During Leave – backdated payments may exceed the amount accrued through 2015/16 accounts.	Medium	Up to £0.5m	Ongoing monitoring and review.
Inability to mitigate costs in line with reductions in anticipated central funding allocations, including Outcomes Framework and Alcohol & Drugs funding.	Medium	c£0.2m	Implications recognised within SFP. Current and future commitments subject to review.
Costs for healthcare provided through other NHS Boards higher than planned.	Medium	Up to £0.75m	Additional £0.9m funding allocated through SFP in 2016/17. Patient activity trends closely monitored.
Cost of planned developments higher than anticipated.	Medium	Up to £0.2m	Slippage in implementation often results in a non-recurring saving.
Price inflation may be higher than the planned level of 1.5%.	Medium	Up to £0.2m	The allowance of 1.5% is consistent with provisions made by other NHS Boards.
The source of planned carry forward and deferred expenditure at March 2017 (£23.5m) uncertain at this stage.	Low	Up to £0.5m	Re-routing of funds through IJBs presents risk. Currently assessed as manageable.
Income from other Boards reduces as a result of planned service reconfiguration.	Low	c£0.5m	Early engagement with partner Health Boards to understand implications of service moves.

Archived Risks

Repayment of financial brokerage due from 2015/16 not made.	High	Not quantified	Amount of brokerage from 2015/16 and related profile of repayments to be agreed with SGHSCD Director of Finance.
Loss of income from Special Boards (NSS, NES, NSD).	Medium	Up to £0.5m	Projects funded from this income will require review.
Cost of meeting National Performance Targets exceeds available funding.	High	Up to £2.0m	Profile agreed with Access Support Team.
Pay award settlements higher than anticipated.	Low	Up to £0.5m	Pay Awards for AfCstaff and Medical/Dental paid.
Higher than anticipated numbers of staff remain in the pension scheme following automatic re-enrolment.	Low	Up to £0.5m	No significant impact.
Equal Pay claims exceed anticipated amount.	Low	Up to £0.1m	Accrual recognised within 2015/16 accounts.
Costs associated with Healthcare Infection Standards greater than planned.	Low	£0.2m	Position monitored.

FINANCE AND RESOURCES COMMITTEE – ATTENDANCE RECORD – YEAR 1 APRIL 2016 TO 31 MARCH 2017
Item Number 7.1

NAME		Meeting Date	Meeting Date	Meeting Date	Meeting Date	Meeting Date	Meeting Date
		12 May 2016	18 Aug 2016	17 Nov 2016	19 Jan 2017	16 Feb 2017	16 Mar 2017
MEMBERS	DESIGNATION						
Dr A Cowie	Non-Executive Member & Chair, Area Clinical Forum	Present	Present	Present	Present	Present	
Mr D Cross, OBE	Non Executive Member (Committee Chair 1 April 2016)	Present	Present	Present	Present	Present	
Councillor D Doogan	Non-Executive Member	Apologies	Present	Apologies	Present	Present	
Mrs L Dunion	Non-Executive Member	Present	Present	Present	Present	Apologies	
Mrs J Golden	Non-Executive Member(Committee Vice-Chair)	Present	Present	Present	Apologies	Apologies	
Cllr K Lynn	Non-Executive Member	Apologies	Present	Present	Present	Present	
EX-OFFICIO							
Professor J Connell, FMedSci,FRSE	Chairperson, NHS Tayside (from October 2015)	Present	Apologies	Present	Present	Apologies	
REGULAR	ATTENDEES						
Mr M Anderson	Head of Property	Apologies	Present	Present	Apologies	Apologies	
Mr L Bedford	Director of Finance (Lead Officer)	Present	Present	Present	Present	Present	
Mrs L Lyall	Capital Finance Manager	Present	Present	Present	Present	Present	
Mr S Lyall	Head of Finance, Operational Unit	Apologies	Present	Present	Present	Present	
Mr R MacKinnon	Associate Director of Finance – Financial Services & Governance/Fraud Liaison Officer	Present	Present	Apologies	Present	Apologies	
Ms L McLay	Chief Executive	Present	Apologies	Present	Present	Apologies	
Representative	Communications Department	Present	Present	Present	Present	Present	
AREA	PARTNERSHIP COLLEAGUES						
Raymond Marshall	Representative Area Partnership Forum	Apologies	Present	Present	Present	Present	
COLLEAGUES and	DEPUTIES INVITED TO ATTEND						
Mr K Armstrong	Director of Operations	-	-	-	-	-	
Mrs J Bodie	Director of eHealth	-	-	-	-	-	
Mrs P Campbell	Non-Executive Member	-	-	-	-	-	-
Mrs G Costello	Nurse Director	-	-	-	-	-	
Mr N Deuchar	Senior Project Manager	Apologies	Present	Present	Apologies	Present	
Mr G Doherty	Director of Human Resources	Present	Present	Apologies	Apologies	Present	
Ms M Dunning	Board Secretary	Present	Present	Present	Apologies	Present	
Mrs F Gibson	Head of Financial Services	-	-	Present	Present	-	
Mr S Hay	Non Executive Member	-	-	-	-	-	
Mr B Hudson	FTF Internal Audit	-	-	-	-	-	
Mr M Hussain	Non-Executive Member	-	-	-	-	-	
Cllr G Middleton	Non Executive Member	-	-	-	-	-	
Mr D Mills	Representative Area Clinical Forum	Apologies	Present	-	-	-	-
Miss D Robertson	Representative Area Clinical Forum	Apologies	Apologies	Apologies	-	-	
Mr H Robertson	Non Executive Member	-	-	-	-	-	
Mrs A Rogers	Non Executive Member	-	-	-	-	-	
Dr A Russell	Medical Director	Present	Present	Present	-	-	
Mrs S Tunstall-James	Non Executive Member	-	-	-	-	-	
Prof M Smith	Non Executive Member	-	-	-	-	-	
Dr D Walker	Director of Public Health	-	Apologies	-	-	-	
Representative	PriceWaterhouseCoopers	-	-	-	-	-	-
Representative	Audit Scotland	-	-	-	-	-	
CTTEE. SUPPORT	OFFICER						
Mrs L Green	Committee Support Officer	Present	Present	Present	Present	Present	

FINANCE AND RESOURCES COMMITTEE – ATTENDANCE RECORD – YEAR 1 APRIL 2016 TO 31 MARCH 2017 cont'd.

NAME	POSITION in NHS TAYSIDE	Meeting Date	Meeting Date	Meeting Date	Meeting Date	Meeting Date	Meeting Date
		12 May 2016	18 Aug 2016	17 Nov 2016	19 Jan 2017	16 Feb 2017	9 Mar 2017
Other Attendees							
Dr B Millar	Head of NHS Scotland Pharmaceuticals 'Specials' Service,	Apologies	Present	-	Present	Present	

INFORMATION GOVERNANCE COMMITTEE

Minute of the meeting of the Information Governance Committee held on Tuesday 31st January 2017 at 12:00 in the Board Room, First Floor, Maryfield House (North).

Present

Mrs Alison Dailly	Information Governance Manager
Dr Andrew Russell	Medical Director & Caldicott Guardian
Mr Charlie Quipp	Technical Infrastructure Manager
Mrs Janice Cathness	SCI Store
Ms Jennifer Mudie	Human Resources
Mrs Lynda Petrie	Corporate Records & Web Manager
Ms Margaret Dunning	Board Secretary (Chair)
Mr Mark Storrar	EndPoint Service Delivery Manager
Mr Paul Tovey	Head of ICT Infrastructure
Mr Pollycarp Batwaula	Information Governance Officer
Mrs Ruth Anderson	Clinical Records Manager

Apologies

Dr Alan Cook	Medical Director, Operational Unit
Dr Andrew Cowie	GP & LMC/GP Sub Committee
Dr Bill Bartlett	Clinical Director, Laboratory Services
Dr Drew Walker	Director of Public Health
Mr Garry Collins	Information Manager, Business Unit
Mr George Doherty	Director of Human Resources
Mrs Judith Golden	Employee Director
Dr Richard Humble	GP & LMC/GP Sub Committee
Dr Neil Prentice	Senior Lecturer in Old Age Psychiatry

In Attendance

Miss Kellyanne Tosh	Assistant Information Governance Officer
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Ms Margaret Dunning in the Chair

ACTION

1. APOLOGIES

Apologies were noted as above by Kellyanne Tosh.

MD

2. MINUTE OF PREVIOUS MEETING

The Minute of the Meeting held on 26th October 2016 was approved.

MD

3. ACTION POINTS UPDATE

The following was highlighted -

MD

3.1 FairWarning (Item 3 (12)) – Once TrakCare introduced within NHS Tayside will commence with implementing FairWarning. Mr Graham has contacted FairWarning at their American base to discuss issues with pro-active system and will progress further.

3.2 IG & Security Improvement/Information Security Policy Maturity Assessment (Item 5) – Ms Dunning stated that an action plan is in place in respect of the Information Security Policy Framework (ISPF). Mrs Dailly, Mr Batwaula and Mr Quipp met to discuss and have agreed to take forward respective actions and portfolios to meet the requirements of the ISPF.

3.3 Legacy Applications/Old Application Service 2003 (Item 10) – Actioned. Mr Quipp provided the updated document, which was forwarded on to the IG Committee.

3.4 AOCB (Item 12) – Actioned. Mr Quipp produced an SBAR which was distributed to the IG Committee.

3.5 Training (Item 3(13)) – Actioned. Ms Dunning has spoken with Ms Miller regarding LearnPro.

4. INFORMATION GOVERNANCE COMMITTEE REMIT AND MEMBERSHIP

MD

The committee remit and membership needs to be reviewed as the document is now out of date. It was agreed that Mrs Dailly and Mrs Petrie would review the terms of reference for both the IG Committee and the Corporate Records Compliance Group.

5. INFORMATION SECURITY POLICY FRAMEWORK IMPROVEMENT AND ACTION PLAN **PB**

Mrs Dailly stated to the Committee that a benchmarking exercise (gap analysis) was undertaken to identify our current position against requirements of the ISPF. This was presented to the Committee in October 2016.

Mrs Dailly and Mr Batwaula met with Mr Quipp in January 2017 to agree respective actions and portfolios to meet the requirements of the ISPF.

There are still a number of areas outstanding and regular meetings will be set up between Mrs Dailly, Mr Batwaula and Mr Quipp and progress will be reported back to the Committee.

6. INCIDENT REPORTING **PB**

Mr Batwaula provided the Committee with a report on incidents of the last quarter. None of the incidents were reported to the Information Commissioner.

Mr Batwaula stated that there were no major problems arising in the last quarter. It had been brought to attention that patient notes had been misplaced when using the hospital bus for transfer; these notes have still not been retrieved. Mrs Anderson discussed how her staff do not use the hospital bus to transfer notes as there is a risk of loss and would discuss at the Health Records meeting later today.

7. PUBLIC RECORDS (SCOTLAND) ACT 2011 **LP**

Mrs Petrie presented her report, an update on progress with compliance with the Public Records (Scotland) Act 2011. She reminded the committee that the Keeper had given agreement to NHS Tayside's Records Management Plan (RMP) in October 2017 and she was now presenting an Improvement and Action Plan to take forward the commitments made in the RMP.

She advised she had attended a seminar the Keepers Assessment Team had organised to launch the ongoing Progress Update Assessment Process. It was likely that this would involve organisations being asked to complete a template on an annual basis providing a progress update to the Keeper Assessment Team. If an organisation fully engaged with this proposed process, it was likely there would not be a need to submit a full RMP and evidence again after 5 years as this would be an ongoing process.

The Information Governance Committee noted the Improvement and Action Plan and that Mrs Petrie was involved in ongoing engagement with the Keepers Assessment Team.

8. BITLOCKER

MS

Mr Storrar spoke at the meeting regarding the encryption tool, finger swipe for laptop is not fit for purpose as gives limited access for sharing laptops and enrolling numerous finger identities.

Bitlocker is the standard provided with Windows. Data is secured, device based, reduces support time and cost is free with windows. To use you only need to reminder your own identity on the system. Encryption is to the highest standard and enables devices to become more flexible.

9. QUARANTINE VLAN

CQ

Mr Quipp provided the Committee with information regarding Quarantine VLAN. He discussed that most medical devices were in this quarantine and this virtual system is supported by 3rd parties. In extreme situation there is a sanction to disconnect. It is initially a pilot scheme and requests a 'request to connect' form to join. Waiting results from the tests/trials of the pilot. Audit Scotland is content that we have a readily identifiable quarantine and that this is the solution at the moment.

8000 malware attacks that quarantine can't help with and would require doing something further with quarantine VLAN as malware much more dangerous.

10. WINDOWS 2003

CQ

Windows 2003 end of life is December 2015 and no updates will be provided so now need to upgrade. Mr Quipp is working with E-health to update and identify servers and applications and hope to have this updated by December 2017.

Systems will not stop working if they have not been upgraded but they need to be declared and tackled. The Information Asset Register, a requirement of the ISPF will provide a register of NHS Tayside assets which will identify through the risk assessment process any exposure to risk.

11. SCI-STORE

JC

Mrs Cathness joined the meeting to provide the group with an overview of a proposed pilot surrounding the use of SCI- Store to share patient information where patients are being treated out with their Board of residence. NHS Tayside does not currently allow end users access to SCI Store. There are a number of Tayside consultants who work with patients across borders between NHS Boards and it is proposed that a pilot be developed between Tayside and four other health boards (Grampian, Highland, Fife and Golden Jubilee) to allow clinicians access to results and documents.

Further discussion is required between Ms Dunning, Mrs Dailly and Mrs Cathness.

12. FOR INFORMATION

Health Records Management Committee September 2016

Health Records Management Committee October 2016

13. AOCB

Ms Dunning stated that the Information Governance team have developed a new protocol for FOISA, with a weekly tracker being sent to all directors to highlight outstanding FOISA's.