

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 **16:30pm on Tuesday 12 September 2017 in Committee Room 1, Level 10, Ninewells 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.	GOVERNANCE ISSUES			
4.1	Forecast Outturn and Further Actions	L Bedford	FRC64/2017	Attached – for review/approval
5.	Any Other Competent Business	D Cross		For discussion
6.	Date of Next Meeting			
	The next meeting of the Finance and Resources Committee will take place at 10:15am on Thursday 16 November 2017 in the Board Room, King Cross Hospital, Dundee.			

Mr Doug Cross OBE, Chair
Finance and Resources Committee
September 2017

DISTRIBUTION

MEMBERS

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

REGULAR ATTENDEES

Mr M Anderson	Mr N Deuchar	Mr S Lyall
Mr L Bedford	Mr G Doherty	Mr R MacKinnon
Prof J Connell, Chair, NHST	Mrs L Lyall	Ms L McLay

Representative Communications Team

FOR INFORMATION

Mrs J Bodie	Mr M Hussain	Professor A Russell
Mrs G Costello	Mr R Marshall (APF)	Professor M C Smith
Ms M Dunning	Dr R Peat	Mrs S Tunstall-James
Cllr D Fairweather	Cllr C Reid	Dr D Walker
Mrs F Gibson	Mr H Robertson	
Mr S Hay	Mrs A Rogers	Audit Scotland
		FTF Internal Audit – Mr B Hudson

FORECAST OUTTURN AND FURTHER ACTIONS

1. PURPOSE OF THE REPORT

The purpose of this report is to advise the Finance and Resources Committee of:-

- i. further actions and measures being taken to contain spend in order that Tayside NHS Board minimises the shortfall against available resources. This builds on the detailed forecast outturn estimate produced following the quarter 1 results for 2017/18, and discussed at the Finance and Resources Committee on 17 August, 2017;
- ii. the reforecast position for the 31 March, 2018, that will be submitted to the Scottish Government Health and Social Care Directorate (SGHSCD) for consideration, and
- iii. the report on progress with the implementation of the recommendations arising from the Assurance and Advisory Group (AAG) Staging Report.

2. RECOMMENDATIONS

The Finance and Resources Committee is requested to:-

- i. review and challenge the progress made in identifying further measures to reduce the financial gap between available resources and projected year end outturn;
- ii. review the further options regarding use of earmarked allocations;
- iii. review the actions being taken to mitigate the risks associated with the delivery of the project outturn;
- iv. review the progress with the implementation of the recommendations arising from the AAG Staging Report and proposed corrective actions, and
- v. approve the submission of the updated Financial Forecast Outturn to SGHSCD on 13 September, 2017, and note the further discussions that will be progressed with SGHSCD.

3. EXECUTIVE SUMMARY

In relation to finance, AAG raised the following recommendations within its Staging Report of Findings and Recommendations on 27 June, 2017:-

“We recommend that NHS Tayside should take urgent and robust action in order to maximise the likelihood of achieving the planned in-year savings and delivery of NHS Tayside’s projected financial outturn for 2017/18”.

It was reported within the AAG report that both NHS Tayside management and Ernst and Young assessed that there are risks to achieving the planned forecast outturn based on the state of development of the savings plans at the time of review.

A detailed reforecast of financial position for the year ended 31 March, 2018, was undertaken during July and reported to the Finance and Resources Committee on 17 August, and SGHSCD as part of the mid-year review on 16 August.

Further work has been undertaken by the Directors’ Group since these meetings, which have resulted in the identification of further actions that will be taken and could be taken to improve the financial outturn position. A summary of the current position is noted on page 2.

Forecast position previously reported (at end of Quarter 1)	(£13.3m)
Adjustments:	
• Revision to projected savings from Pregabalin	(£1.0m)
• Further savings actions identified	£6.7m
Revised forecast position	(£7.6m)

Within the report detail noted below, a further analysis of the potential savings identified and associated risks are noted in support of the above position.

4. REPORT DETAIL

Forecast position as at the end of Quarter 1

The Finance and Resources Committee considered a report at the meeting held on 17 August, 2017, on the forecast outturn position based on the known status of actions that were in place and delivering at that time. The forecast outturn identified a potential outturn of £13.3 million. This is set against the unbalanced Local Delivery Plan (LDP) submitted to SGHSCD in March 2017 of £4.0 million.

	Efficiency Savings Shortfall	Cost Pressures/ Operational Issues	Forecast Outturn
	£m	£m	£m
Core Operational Unit	6.7	6.8	13.6
Angus Integrated Joint Board (IJB)	2.1		2.0
Dundee IJB	1.1	1.1	2.2
Perth & Kinross IJB	1.7	0.6	2.3
Board/OU Corporate	0.2	0.9	1.1
Board Res./Earmarked	2.0	(9.9)	(7.9)
Forecast Outturn	£13.8	£(0.5)	£13.3m

The shortfall in relation to the efficiency savings were in the following areas:-

	Total
	£m
Workforce & Care Assurance	5.6
Service Redesign & Productive Opportunities	1.6
Property – Asset Proceeds	1.4
IJBs – Hosp & Comm Services	0.2
IJBs – Prescribing	2.7
Financial Flexibility	(1.7)
Total	£9.8m

Further actions and measures

As reported at the August meeting of Tayside NHS Board, a range of further actions and measures were being progressed, and this report is intended to update members on the progress with these initiatives, with a view to presenting an updated forecast outturn to SGHSCD.

The Directors' Group has focused its attention in recent weeks on a programme of activities that will seek to reduce spend further, thereby minimising the Board's shortfall from delivering a breakeven position. This programme incorporates the following:-

- i. introducing a range of measures to improve the control over expenditure within each budget area, and to maximise the opportunities to be delivered through robust and effective budgetary control;
- ii. implementation of a number of further actions targeted at specific areas and each led by member of the Directors' Group, and
- iii. the potential to implement a number of further measures regarding further financial flexibility and cost deferment.

Effective budgetary control

As an immediate step in response to the AAG recommendation to subject the financial planning framework to rigorous and comprehensive review, further steps will be taken to maximise the benefits to be secured through more effective budgetary control. These steps will include the following:-

- i. effective implementation of vacancy management and rostering - this will ensure all vacancies are reviewed and challenged and staff rostered are in line with staffing levels, as determined by the appropriate professional workforce tools, and
- ii. having local recovery or cost improvement plans in place and agreed for each budget areas where there are current overspends.

Whilst no value has been attributed to the above, progress will be monitored through the monthly finance reports, thereby allowing the financial forecast to be reviewed and updated. We would anticipate that these measures will mitigate any unplanned cost pressures that arise in the remaining months and will contribute incrementally to an improved forecast position as the year progresses.

Specific additional actions

The Directors' Group, supported by staff side involvement, have undertaken a review to identify additional actions that will be taken to improve the projected financial outturn. Whilst the opportunities have been identified and an estimated financial value and Director lead attributed, further work is required to convert these opportunities into detailed action plans that will support the delivery of the financial benefit. The status of progress to date in terms of developing these additional actions is reflected in the risk rating attributed to each.

In relation to each an assessment of the impact on clinical service delivery will require to be undertaken.

Planned Action	Assessed Financial Benefit			Actions To Deliver	Lead
	High £m	Med £m	Low £m		
Workforce					
Minimise non-contract agency and use of supplementary staffing		0.5	1.0	<ul style="list-style-type: none"> Roster Compliance and Resourcing toolkit distributed and implemented with weekly scrutiny/supportive challenge. Employment of 167 NQPs (Aug-Oct). Move of bank staff to minimum contracted hours status. Planned cessation of non contract agency use with critical risk escalation from 1 November, 2017. 	Nurse Director/Chief Officers/HR &OD Director
Review career grade medical vacancies		0.25		Internal review of vacancies. Regional discussion on further opportunities.	Medical Director
Adopt new Medical Locum contract process			0.25	National Framework agreement for escalated pay rates to be implemented onto Direct Engagement company (Brookson) system	Medical Director
Sub-total		0.75	1.25		

Service Redesign	£m	£m	£m		
Bed configuration		0.3		<ul style="list-style-type: none"> Securing the benefit of beds already closed 	Chief Officers and COO
	0.3			<ul style="list-style-type: none"> Assessment of interim placements following confirmation of patients being clinically fit for discharge. Review of patient flow to minimise Length of Stay. Review occupancy of Community facilities 	Chief Officers and COO
	0.5			<ul style="list-style-type: none"> Planned operational shutdown over festive and Easter periods. 	Chief Officers and COO
	0.1			<ul style="list-style-type: none"> Review Endoscopy and Paediatric provision 	Chief Officers and COO
Sub-total	0.9	0.3			

Prescribing	£m	£m	£m		
Assessment of current programme and benefits			0.2	<ul style="list-style-type: none"> Current programme tracking ahead of trajectory 	Director of Pharmacy/IJB Chief Officers
Medicine switches		0.5		<ul style="list-style-type: none"> Agreement to switches for Tiotropium, Edoxaban, Seretide, Melatonin & Mesalazine 	Director of Pharmacy
Polypharmacy Reviews		0.5		<ul style="list-style-type: none"> Targetted 3,500 polypharmacy reviews 	Director of Pharmacy/IJB Chief Officers
Repeat Prescribing				<ul style="list-style-type: none"> Targetted adoption of ISD Repeat Prescribing dataset tool 	Director of Pharmacy/IJB Chief Officers
Secondary Care waste	0.2	0.3		<ul style="list-style-type: none"> Development of SOP for return of issued drugs back to pharmacy stock. Individual ward review on drugs stocks and clinical supplies with necessary resource investment. 	Director of Pharmacy
Sub-total	0.2	1.3	0.2		

Cost containment	£m	£m	£m		
Reprioritisation of eHealth programme			0.5	<ul style="list-style-type: none"> The timescales for delivery of the eHealth programme have been reviewed and steps taken to re-profile expenditure between 2017/18 and 2018/19. 	eHealth Director
Minor Works including Theatre PPM		0.2		<ul style="list-style-type: none"> Review of minor works programme 	Chief Operating Officer
Taxi costs including Mulberry staff transport arrangements		0.1		<ul style="list-style-type: none"> Review of activity and reassessment of options for Mulberry staff 	Chief Officer
Sub-total		0.3	0.5		

Summary

	High £m	Med £m	Low £m	Total £m
Workforce & Care Assurance		0.75	1.25	2.0
Service Redesign & Productive Opportunities	0.90	0.30		1.2
Prescribing	0.20	1.30	0.20	1.7
Cost containment		0.30	0.50	0.8
Review of prior year/in year allocations			1.00	
Total	£1.10m	£2.65m	£2.95m	£6.7m

Further measures – earmarked allocations

Included within the current financial plan, there is an assumed benefit from financial flexibility of £12.2 million (£1.7 million higher than reflected in the LDP), and a requirement to identify deferred expenditure to the value of £16.5 million. The levels for both are higher than are assumed within the plans of other NHS Boards.

However if required, the following actions could be considered to improve the financial position:-

Deferment of capital programme	£2.0m	Of which the following would be deemed to be of high risk: Cardiac Cath Lab (£0.7m); Carse of Gowrie (£0.2m), and eHealth rolling programme (£0.6m).
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Mitigation of risks to delivery of plan

In line with our financial plans for each year, there are ongoing risks to the achievement of the financial position. A summary of these risks and the associated mitigating actions are noted below:-

Risk	Grading	£m	Mitigating action
Revision to assumed saving from Pregabalin	High	1.0	Review of benchmarking data to identify further opportunities to secure savings on prescribing.
Repatriation of private sector placements	Med	1.4	Specific actions have been identified for patients on private sector placement and steps being taken to identify alternatives. Out of area placements have fallen by 25%.
Financial flexibility	Med	2.0	Specific actions have been identified and finance directorate will review and monitor.
Deferred expenditure	Med	2.0	Specific actions are being taken to identify expenditure which can be deferred and progress will be reported to Finance and Resources Committee.
Unanticipated cost pressures	Med	2.0	Implementation of additional budgetary control measures should enable any unanticipated cost pressures to be managed.

Progress against the recommendations from the AAG report

An update on progress against the AAG recommendations as they relate to finance (excluding prescribing) is noted below:-

Action 1: NHS Tayside should take urgent and robust action in order to maximise the likelihood of achieving the planned in-year savings and delivery of NHS Tayside's projected financial outturn for 2017/8. Detailed action plans must have support from key stakeholders and include anticipated financial impact, identified timetables and milestones. There should be clear trigger points for escalation to ensure swift action when delivery is found to be at risk

Progress to date: Whilst progress has been made to confirm the revised forecast position, further progress is required to develop the detailed action plans which will further improve the forecast financial outturn as submitted to SGHSCD on 18 August. Overall the plan to meet this recommendation is not on target.

Appendix 1 provides a summary of the actions that will be taken to address the status of this recommendation from 'not on target' to on 'target are presented' for review by the Committee.

Action 2: NHS Tayside should subject its financial planning framework to rigorous and comprehensive review. This should help to ensure that projections and targets for future years are based on a thorough service by service understanding of cost drivers, risks and opportunities

Progress to date: The financial planning framework for 2018/19 has been drafted and will be implemented in line with the agreed timescales. As noted above additional measures will be implemented with immediate effect to improve in year budgetary control where required.

5. HEALTH EQUITY

N/A

6. MEASURES FOR IMPROVEMENT

Enhanced performance management scrutiny arrangements will be implemented in order to assess and forecast the deliverables from the accelerated range of further actions planned.

7. IMPACT ASSESSMENT AND INFORMING, ENGAGING AND CONSULTING

Discussions have taken place with Chief Executive, Chief Officers of IJBs, Directors and senior management of NHS Tayside.

8. 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.

9. RESOURCE IMPLICATIONS

Financial

The financial implications are highlighted within this report.

Workforce

N/A

10. RISK ASSESSMENT

A risk assessment is provided for within the content of the report detail.

11. LEGAL IMPLICATIONS

N/A

12. INFORMATION TECHNOLOGY IMPLICATIONS

N/A

13. HEALTH & SAFETY IMPLICATIONS

N/A

14. HEALTHCARE ASSOCIATED INFECTION (HAI)

N/A

15. DELEGATION LEVEL

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

Lindsay Bedford
Director of Finance

Alan Gray
Strategic Director of Finance

September 2017

The actions that will be implemented in order to address in full Recommendation 1 of the AAG report are noted below:-

Action	Date	Responsibility
Directors' Group to develop a range of further savings actions for 2017/18 and assess deliverability.	1 September	Chief Executive
Confirm the range of further actions that Tayside NHS Board can take to improve the forecast position at the Transformation Programme Board meeting.	7 September	
Based on above prepare a reforecast position for 31 March, 2018.	8 September	Director of Finance
Finalise paper for approval by Finance and Resources Committee.	8 September	Director of Finance
Finance and Resources Committee formally approve the revised finance plan for 2017/18.	12 September	
Inform SGHSCD of revised finance outturn and provide a detailed update on the work undertaken to date (confirm the further work that will be undertaken to identify further opportunities to improve the financial position).	13 September	Chief Executive / Director of Finance
Undertake further work to confirm the actions that will support the delivery of the savings actions agreed by the Transformation Programme Board and finalise the plan based on actions agreed by the Transformation Programme Board.	By 15 September	Responsible Directors
Directors' Group to confirm the final action plan and re-assess the financial outturn.	18 September	Chief Executive / Director of Finance
Finance Managers to undertake further review of cost containment options in discussion with budget holders.	By 15 September	Director of Finance
Implementation of the revised vacancy scrutiny arrangements.	By 30 September	Director of HR
Summarise the benchmarking data for workforce and identify any further opportunities to progress plans in 2017/18.	By 30 September	Director of HR
To undertake a further review of the financial forecast after Month 5 results.	By 30 September	Director of Finance
Prepare an abbreviated plan for final endorsement by the Transformation Programme Board.	5 October	Director of Finance
Confirm final projected outturn position that Tayside NHS Board committed to delivering.	6 October	Chief Executive