MINUTE OF THE MEETING OF NHS FIFE BOARD HELD ON WEDNESDAY 27 JUNE 2018 AT 10.00 AM IN THE STAFF CLUB, VICTORIA HOSPITAL, KIRKCALDY

Present:
Ms T Marwick (Chairperson) Dr M Hannah, Director of Public Health
Mr P Hawkins, Chief Executive Ms R Laing, Non-Executive Director
Mr M Black, Non-Executive Director Mr S Little, Non-Executive Director
Mrs W Brown, Employee Director Ms J Owens, Non-Executive Director
Mrs C Cooper, Non-Executive Director Mrs C Potter, Director of Finance
Dr F M Elliot, Medical Director Mrs M Wells, Non-Executive Director
Cllr D Graham, Non-Executive Director

In Attendance:
Ms I Bishop, Board Secretary within East Region
Mr A Fairgrieve, Director of Estates, Facilities & Capital Services
Ms J Gardner, Director of Planning & Strategic Partnerships/Interim Chief Operating Officer
Mr M Kellet, Director of Health & Social Care (item 6 onward)
Ms B A Nelson, Director of Workforce
Ms Pearl Tate, Audit Scotland
Mrs P King, Corporate Services Manager (Minutes)

51/18    CHAIRPERSON’S WELCOME

The Chair welcomed everyone to the meeting, in particular, Ms Pearl Tate, Audit Scotland, NHS Fife’s appointed auditors and Ms Iris Bishop, Board Secretary within the East Region, and temporarily covering the role until new Board Secretary is in place.

52/18    DECLARATION OF MEMBERS’ INTERESTS

There were no declaration of interests.

53/18    APOLOGIES FOR ABSENCE

Apologies for absence were received from Dr Bisset, Mr Clarke and Ms Wright.

54/18    MINUTE OF THE PREVIOUS MEETING HELD ON 30 MAY 20187

The Minute of the previous meeting was approved as a true record.

55/18    COMMITTEE ANNUAL ASSURANCE STATEMENTS

The Board received the Annual Assurance Statements from the four standing committees of the Board, a key component of the Board’s overall corporate governance assurance process. The reports provide the Board with assurance that there are adequate and effective governance arrangements in place. The assurance statements had been submitted to the Audit & Risk Committee at its
meeting on 21 June 2018. Both Internal and External Audit had considered the statements as part of their year-end processes and had provided a positive overview on the Board’s controls and governance at the Audit & Risk Committee. Minor typos had been identified on the Audit & Risk Annual Assurance Statement and these would be amended. It was noted that under item 8.2 there had been no significant control weaknesses.

The Board noted the Annual Assurance Statements for the standing Committees of the Board.

Mr Kellet joined the meeting.

56/18 ANNUAL ACCOUNTS PROCESS

(a) NHS Fife Board Annual Accounts for the Year to 31 March 2018

The Annual Accounts for 2017-18 were presented to the Board, together with the final draft report from Audit Scotland, as required. As is usual, NHS Fife is not permitted by Scottish Government to put the actual report of accounts into the public domain until such time as the accounts are laid before the Scottish Parliament in the Autumn. However, Members had received copies of the reports and the Chair did not want Members to feel constrained by this and was happy for discussion to take place. The Audit & Risk Committee had already scrutinised the draft report and accounts on behalf of the Board at its meeting on 21 June 2018. As soon as the Board is permitted to do so, the final report from Audit Scotland will be placed in the public domain, along with the Accounts.

(i) Annual Accounts Documents

Mrs Potter presented the Annual Accounts for the year ended 31 March 2018 and took the opportunity to thank both the finance team and colleagues from Audit Scotland for their hard work and concerted efforts over the last few months to get the Board to where it is today. The Board had received an unqualified opinion on all aspects of the accounts and the figures presented confirmed that NHS Fife met its financial targets. It was noted that there had been no material or significant matters that needed to be reported to the Board that would affect these accounts since 31 March 2018.

The Annual Accounts were in the prescribed format in accordance with national guidance and included a Corporate Governance Report that provided assurance on internal systems of control and the covering SBAR provided an overview of key points in relation to the financial results.

In addition to reviewing the financial statements, Audit Scotland reviewed wider aspects including financial management and sustainability, governance and transparency and best value. A number of improvements to processes had already been identified and implemented and recommendations accepted from Audit colleagues as noted in their draft annual report. It was acknowledged that from a
management perspective there were areas where there were differences in opinion and these are detailed in the external audit report at 6a(ii). The specific matter of accounting treatment for Scottish Government (SG) allocations is the subject of ongoing discussion and NHS Fife is seeking clarity and definitive guidance from SG for the new financial year as it could impact on forecasting processes.

The Audit & Risk Committee undertook detailed scrutiny of the Annual Accounts and supporting portfolio of governance and assurance matters on the Board’s behalf. The Annual Accounts had been presented in full to the Audit & Risk Committee on 21 June 2018. The Audit & Risk Committee had identified some minor typos and minor points since the Board papers had been issued (version 23) and these changes had been made to the final copies for signing under the supervision of Audit Scotland colleagues (version 24). Mrs Tate added that the accounts remained draft until they had been signed.

(ii) 2017-18 Annual Audit Report for the Board of NHS Fife and the Auditor General for Scotland

This report summarised the findings from the 2017-18 audit of NHS Fife by Audit Scotland that had been presented to the Audit & Risk Committee on 21 June 2018 by Mr Howarth, Audit Scotland.

(iii) Draft Letter of Representation

This was the standard letter required from the Board to the External Auditors, for the purposes of confirming that the Board was satisfied that the financial statements gave a true and fair view of the financial position at 31 March 2018.

(iv) Annual Assurance Statement from Audit & Risk Committee

Mrs Cooper presented the Annual Assurance Statement that had been approved by the Audit & Risk Committee the previous week. As Chair of the Audit & Risk Committee, she confirmed that the Committee had reviewed all the relevant documentation and reports and provided assurance to the Board on these accounts. She confirmed that the Committee recommended that the Board approve and sign the reports and letter of representation and adopt the Annual Accounts for the year ended 31 March 2018. Mrs Cooper thanked Mrs Potter and the finance team and Audit Scotland for their work.

The Board:

- **considered and adopted** the Annual Accounts for 2017-18;
- **noted** the Annual Report from Audit Scotland;
- **approved** the draft Letter of Representation;
- **noted** the Annual Assurance Statement from the Audit & Risk Committee;
- **authorised** the Chief Executive to sign the draft Letter of Representation; and
• **authorised** the Chief Executive and Director of Finance to sign the Accounts on behalf of the NHS Board.

On behalf of the Board, the Chair recorded thanks to Mrs Potter and the finance team and Internal Audit and to Audit Scotland for the rigour and thoroughness brought to the process.

(b) **Patients’ Private Funds – Receipts and Payments Account for the Year Ended 31 March 2018**

Statutory regulations required the Board to prepare Patients’ Private Funds Annual Accounts that gave a true and fair view of the state of affairs of the fund and the surplus or deficit of the fund for the year. The process was subject to audit by Thomson Cooper Accountants and an unqualified audit certificate was appended to the accounts.

The Audit Completion Memorandum confirmed there were no significant matters to report to management and the Letter of Representation outlined the roles and responsibilities of Board Members in respect of the financial statements of the Patients’ Private Funds.

The Audit & Risk Committee had reviewed the Receipts and Payments Accounts and supporting documentation presented by Thomson Cooper at its meeting on 21 June 2018 and recommended approval to the Board.

The Board:

• **approved** the financial statements of Fife Health Board’s Patients’ Private Funds for the Year Ended 31 March 2018; and

• **authorised** the Chief Executive and Director of Finance to sign, on behalf of the Board, the:

  - Receipts and Payments’ Account;
  - Statement of Health Board Members’ Responsibilities; and
  - Letter of Representation to Thomson Cooper.

The Chair, on behalf of the Board, recorded thanks to Thomson Cooper.

57/18 **EAST REGION LABORATORY MEDICINE PROPOSAL**

Mr Hawkins spoke to the paper that set out a proposal for a regional Laboratory Medicine Services model in the East Region that would be submitted to all Boards in the region. The East region is the first region to establish a collaborative committee (East Region Laboratory Medicine Operational Group (ELMO)) to lead strategically on the future of Laboratory Services. Both funding and staff would remain at local level and governance would remain as it is at present. Any regional decisions would be remitted back to the committees in situ in local delivery with any major change submitted to the Board for approval.

The benefits of a regional model were explained. The workforce was a key element and staff side colleagues were involved at both regional and national level. Mrs Brown supported the work being undertaken in partnership. She advised that staff side from all the Boards in the region had nominated a
representative to sit on the ELMO and the recommendations clearly set out that staff side involved in the group would sign off on issues, not the Chief Executive/Employee Director of each Board. In response to questions, it was noted that the group would set a work programme to ensure clarity in moving forward recognising the key issues of value for money and sustainability of the workforce. Staff engagement and communication at an early stage is a key component in how all parties work together for the benefit of patients and a staff briefing would be issued following each meeting.

This was the beginning of a process that provided the Board with greater transparency about the future direction of services and could act as a model for further regional work.

The Board:

- supported establishment of a regional model for laboratory medicine services;
- agreed to the establishment of an East Region Laboratory Medicine Operational Board; and
- agreed reporting through East Region Programme Board.

58/18 INDEPENDENT REVIEW BY GRANT THORNTON UK LLP – NHS TAYSIDE

Mrs Potter spoke to the paper prepared in response to the Independent Review published by Grant Thornton LLP on their review of NHS Tayside. The paper set out recommendations of relevance for all NHS Boards with an extract of points and a proposed delegation to a Board standing committee.

In order to allow the committees time to consider the points it was agreed to provide an up-date to a Board Development Session in early Autumn with a report to the Board by the end of the calendar year.

Discussion took place around training for Non-Executive Members in particular to support them in their role to ensure effective scrutiny and challenge. Training is available for all Members and Members are consistently asked to identify any training requirements but it was noted that training should be provided on a more systematic basis. It was agreed that the Chair would speak with the Chairs of the governance committees to discuss the way forward.

Action: T Marwick

The Board:

- noted the Grant Thornton report;
- noted the NHS Fife position in respect of the issues raised by Grant Thornton; and
- agreed delegation of actions outlined above.

59/18 FOR INFORMATION

(a) Operational Internal Audit Plan 2018-19

Mrs Potter presented the 2018-19 Operational Internal Audit Plan
produced by the Chief Internal Auditor which was part of a 5-year rolling programme of audit that ensured all areas of the Board’s assurances and governance are covered over those 5 years.

Questions were asked about the Site Optimisation Programme, Service Contract Expenditure audit and the interface between NHS Fife and the Integration Joint Board in terms of audit and these were responded to.

The Board noted the 2018-19 Operational Internal Audit Plan.

60/18 DATE OF NEXT MEETING:

Wednesday 25 July 2018 at 10.00 am in the Staff Club, Victoria Hospital, Kirkcaldy