**Approved minutes**

**Finance and Performance Committee**

**1 November 2022**

**MS Teams Meeting**

**Members**

Stephen McAllister Non-Executive Director *(Chair)*

Rob Moore Non-Executive Director

Professor Jann Gardner Chief Executive

Karen Kelly Non-Executive Director

Jane Christie-Flight Employee Director

Lynne Ayton Interim Director of Operations

Linda Semple Non-Executive Director

Gareth Adkins Director of Strategy, Planning and Performance

Stephen Wallace Non-Executive Director

Anne Marie Cavanagh Director of Nursing and AHPs

Carolynne O’Connor Director of Operations / Deputy Chief Executive

Michael Breen Director of Finance

**In attendance**

Carole Anderson Associate Director of Quality, Performance, Planning & Programmes

Gerard Gardiner Head of Corporate Governance and Board Secretary

Katie Bryant Head of Clinical Governance

Graham Stewart Deputy Director of Finance

Lynne Ayton Director of Services, HLD

**Apologies**

Susan Douglas-Scott CBE Board Chair

Mark MacGregor Medical Director

**Observer**

Gordon James Director of Procurement, Commissioning and Facilities, National Services Scotland

**Minutes**

Maeve Coleman Corporate Administrator

**1 Opening remarks**

**1.1 Chair’s Introductory Remarks**

Stephen McAllister opened the meeting and thanked everyone for their attendance.

Stephen welcomed Carolynne O’Connor, Director of Operations/Deputy Chief Executive and Michael Breen, Director of Finance to their first Finance & Performance Committee meeting.

**2 Well-being Pause**

The Chair welcomed the opportunity for colleagues to informally discuss their personal wellbeing.

**3 Apologies**

The apologies were noted as above.

**4 Declarations of Interest**

Previous standing declarations of interest were noted.

**5 Updates from last meeting**

**5.1 Unapproved Minutes**

Accepted as true record of that meeting.

**5.2 Action Log**

The action log was reviewed. Action FPC/220111/05 was to be discussed during the meeting and was therefore closed.

**5.3 Matters Arising**

There were no matters arising which were not covered as part of the Agenda.

**6 Operational/Finance Performance Review**

**6.1 Operational Performance – Integrated Performance Report September 2022 (page 32)**

Lynne Ayton provided a presentation on the Operational Performance position.

Overall activity at end of September was noted at 5% behind the revised Annual Delivery Plan (ADP) target but this had improved to 1% behind revised the ADP target at end of October. The year to date figures for Ophthalmology, Orthopedic Surgery, Endoscopy, General/Colorectal Surgery, Cardiac Surgery, Thoracic Surgery, Cardiology and Radiology were noted. The Committee noted workforce remained the greatest challenge to meeting divisional activity targets.

In Ophthalmology, 859 cataract procedures were carried out against an original plan of 901, which was 7% behind revised the ADP target. There had been some success with collaborative working with other Health Boards (NHS GGC and NHS Lanarkshire) supporting provision of Ophthalmologists to support optimal use of 12 collaborative theatre sessions. Outpatient clinic activity improved with capacity increasing and this was supporting the increasing number of patients on waiting lists with all patients seen within 12 weeks. There was a slight increase with the inpatient cancellation rate to 3.5% with ongoing quality improvement work in this area (target was 3%). The clinical team continued to work towards securing 8 cataracts per list to achieve new ADP targets.

In Orthopedics, a total of 394 procedures were carried out in September against a plan of 418 with activity behind revised ADP target by 9%, this was standing at 8% at 23 October. Activity had reduced due to workforce challenges, principally annual leave and vacancies, reduced availability of agency and the additional Bank Holiday. The cancellation rate was at 6.3% against a target of 3%. There were 1521 patients on the waiting list with 772 waiting longer than 52 weeks. Success was noted with 33% of knee replacements performed using Robotic assisted surgery against a target of 26%.

Performance in Endoscopy continued well despite a challenging target, a total of 558 procedures were carried out in September which was 3% behind revised ADP target. The cancellation rate increased to 10.3% in September which was up 2.3% from August. It was noted patient Did Not Attend (DNA) was the most common reason for cancellations followed by incomplete bowel preparation. The Committee were advised recruitment for Phase 2 opening was going well but there had been an ongoing reliance on agency and overtime to ensure sessions were staffed.

A total of 110 procedures were carried out in General Surgery in September which was behind the revised target by 38 procedures. General Surgery cancellations reduced to 11.3% in September from 13.5% with improvement work continuing to provide focus on this.

Cardiac Surgery activity continued to perform well and was 2% ahead of revised ADP target at end of September and 3% ahead of plan at the end of October. Increased activity in this area is workforce dependent and this was a Divisional priority with improvement works underway including a redesign of Critical Care staffing and a successful recruitment campaign. On 31 October a total of 26 transplants had been completed which had exceeded planned activity target. The Committee noted a Business Case was being considered by National Services Division to consider additional substantive funding for this service.

The Committee were advised activity in Thoracic Surgery delivered 563 procedures against Scottish Government target of 600, 6% behind target but with no patients waiting over 12 weeks. There had been a slow growth in referrals in recent months and a Short Life Working Group had been established to review the urgent pathway referral process to better manage this group through available capacity. There was also a review and redesign of the referral and administration process following a 31 day waiting time breach in August which was a result of an administrative and scheduling error.

There had been an improvement in cancellations in Critical Care due to staffing pressures with the introduction of agency, seconded staff and additional hours. There was a successful recruitment campaign to all existing vacancies up to the end of August. It was noted there was a good iMatter response by staff and a substantial legacy donation had been used to completely refurbish the staff tearoom.

Interventional Cardiology activity at the end of September was 2% behind target however there had been some improvement through elective and urgent capacity. This improvement was slow to come through because of pressures with repatriation of patients which impacted on bed availability and Cath Lab activity.

September activity remains 3% behind year to date target in Radiology due to significant workforce challenges. Since then it had been confirmed cardiac activity would be included and as at 31 October activity, including cardiac activity, was 4% ahead of target. Reporting capacity continues to present the most significant challenge in diagnostic imaging which reflected the situation across NHS Scotland.

Performance for September in the Hotel and Conference Centre showed a 28.5% in month increase on budgeted turnover and continued to surpass expectations. Conversion rates from enquiries to bookings was much better than pre-Covid however it was noted there was a shorter lead in time of 4 – 6 weeks, with the pre-Covid figure being 16-20 weeks. There had been a number of conferences held in September for key businesses including University of Glasgow and a high interest in festive packages would support the December revenue forecast. There had been a number of vacancies across the hotel’s senior team and a review of that existing structure was underway to seek opportunities for improvement.

The Committee thanked Lynne Ayton for her presentation.

Jane Christie-Flight noted Orthopaedic activity was below pre-Covid levels and enquired what plans were being put in place to enable increase of activity when Phase 2 opens. Lynne Ayton advised workforce challenges continued to be the main issue and this was anticipated to continue into Phase 2. The Divisional team were exploring means to optimise existing capacity and it was hoped international recruitment would offer successful opportunities for this.

Linda Semple noted the issue regarding Radiology reporting delays was nationwide and she advised that other Boards were working to ensure radiographers were functioning to their full competence which had increased activity. Lynne Ayton thanked Linda Semple for her update and advised a new Clinical Director had recently been appointed to Radiology which had been beneficial in this area. Lynne Ayton observed that in her view the department were working to existing capacity.

The Committee approved the Operational Performance Update.

**6.1b Operational Planning and Development Board submission**

Carole Anderson and Graham Stewart shared a presentation with the Committee setting out details of the latest NHS GJ submission to the Board and the background on Scottish Government’s request to the NHS Boards to explain and identify trajectories to reduce long waiting patients, how boards were expected to utilise capacity and enhance and maximise innovation.

Graham Stewart advised NHS GJUNH had been allocated £5m from the Scottish Government Planned Care Wait Time Improvement funding. This was below NHS GJUNH’s original bid for funding and it was important to manage within the funding received while having options available and ready should additional funding become available.

Carole Anderson advised the Committee there were no patients waiting over 18 months and NHS GJ had agreed to prioritise long waiting patients to support national recovery. NHS GJ with National Elective Coordination Unit (NECU) were developing improvement plans to optimize utilisation of out-patient and theatre capacity in all specialties to support this with the primary initial focus on waiting list validation and review of long waiting patients.

The Committee thanked Carole Anderson and Graham Stewart for their presentation.

Jann Gardner noted NHS GJ was in a very strong position and had opportunities and schemes ready and available through collaboration with NECU and CfSD to increase and support NHS Scotland should additional funding become available.

Gordon James advised the Committee that Scottish Government were managing a very difficult economic situation this year and were aware NHS GJ were supporting other Boards. The challenge was for Boards to provide workforce to NHS GJ alongside their demands for services.

The Committee noted the Operational Planning and Development Board update.

**6.2 Financial Performance – Integrated Performance Report September 2022**

Graham Stewart presented the Month 6 financial positon as at 30 September 2022. Month 6 noted a surplus of £74k for core revenue and income. These figures would be subject to year-end audit. The Efficiency Savings target was noted as £4.5m and the total identified to date was £2.065m, with an initial estimation of schemes amounting to c£0.236m to follow. This leaves a potential shortfall of £2.289m. The non-core and Capital position were noted as breakeven.

The income received year to date had been above plan by £666k which relates to over performance across other non-WoS Cardiology Income SLAs and the hotel position has continued to see an uptake in conference income and overall bookings.

Expenditure as at 30 September 2022 was £592k overspent made up of; Pays underspend of £1,002k overall, with pressures within this of £448k in Medical Pays, offset by vacancies within all other workforce areas contributing to a net underspend of £1.450m. Non-Pays were £1.6m overspent YTD; of which £877k is within CS&R&S relating to unidentified savings target and Surgical Supplies pressures of £977k overspend.

Graham Stewart informed the Committee that £2.3m in Efficiency Savings had been identified (£2.065m identified with expectation of further £0.236m) against the £4.59m target, these included a high number of non-recurring savings. Efficiency meetings continue with finance colleagues and each clinical lead and service team to identify further areas for sustainable solutions.

Graham Stewart concluded the presentation advising the Board was reporting a small surplus position of £74k on a year to date budget of c£92.48m, a variance of 0.1% to plan.

Graham Stewart noted good progress had been made in relation to the efficiency savings but there was a gap of £2.289m. 2022/23 Capital Resource Limit position was break-even at month 6.

The Committee approved the Financial Report – Integrated Performance Report September 2022.

**6.3 Efficiency Savings Deep Dive**

Graham Stewart shared a presentation with the Committee on Efficiency Savings and Financial Improvement Performance as at Month 6, 30 September 2022. The salient points were noted:

* Savings target was £4.5m with £2.3m identified to date and an expectation of a further £0.236m available.
* There was an over reliance on non-recurring savings (72%) mainly through recruitment slippage, more focus on recurring solutions was required to identify potential £7.4m requirement in 2023/24.
* Future focus would be identifying recurring solutions available within the system including procurement and pharmacy.
* Workforce reviews would release productivity opportunities and address job planning.
* Performance Review Groups and Divisional Finance Meetings should be supplemented with specific work streams to identify further opportunities for redesign for 2023/24 and beyond.
* The Efficiency and Sustainability Workstream Programme would ensure; informative relevant reporting, help understand the challenges, link workforce planning and remobilization plans and bring a more robust governance structure.

Karen Kelly thanked Graham Stewart for his presentation and noted the importance of being able to capture how NHS GJN’s efficiencies impact other Board’s efficiencies including costs avoided by Boards. Linda Semple and Gareth Adkins concurred and noted it would be useful to develop this information.

Gordon James advised the first meeting of the Sustainability Board had taken place recently which looked at financial improvements and classification of savings, cash releasing and cost avoidance elements.

The Committee noted the Efficiency Savings Deep Dive

**6.4 Medical Salaries Deep Dive**

Graham Stewart provided a high level presentation to the Committee on NHS GJ Medical Pays position year to date.

The committee were advised the position at end of September reported a pressure of £448k across all areas, compared to £468k last year with key issues being ongoing discussions with National Services Division with SACCs and SNAHFs business cases, Waiting List Initiatives and on-going levels of sickness.

The key priorities to address the overspend were identified as:

* Finance and operational teams review specialty by specialty position at Performance Review Group meetings to assess the actions and mitigations which could manage the current position for the latter half of the year.
* On-going discussions with NSD surrounding potential investment requirements across some services.
* Management of Recovery Monies with HLD to ensure release of funding through turnover and service review.
* Completion of Job Planning exercise due end of November with sign off by end of February.

 The Committee noted the Medical Salaries Deep Dive.

**7 Strategic Planning Update**

**7.1 Expansion Programme Update**

John Scott, Director of Facilities and Capital Projects and Susan McLaughlin, Clinical Programme Manager joined the meeting and provided the Committee with an update.

John Scott advised the Committee the Assurance Review (Stage 4) draft report had issued on 19 August 2022 for factual accuracy checking. The Committee were briefed of current work on site in relation to Phase 2 along with planned work over the next two months which include, work to commence for Level 1 breakthroughs, commence removal of stairway 11 and completion of survey work within existing theatres.

Engagement had commenced with Scottish Government in relation to the scheduling of the next Gateway Review, the previous review was held during October 2019.

A review of work stream groups had been undertaken to allow teams to transition from the design / construction stage to bring the building into operational use.

The Cost Control Group continue to review progress against cash flow and meet monthly.

The Committee were advised current issues affecting the Programme included supply chain difficulties, while works to areas adjacent to Level 3 theatres had to be stopped due to noise, the Programme team continue to engage with operational teams.

Michael Breen confirmed to the Committee that as the Director of Finance he would be the Senior Responsible Office for the Expansion Programme going forward.

 The Committee noted the Expansion Programme update.

**7.2 Delivery Planning Templates Q2 (22/23) Review**

Graham Stewart and Gareth Adkins shared a presentation with the Committee on Delivery Planning Quarter 2 update.

Graham Stewart provided background on the Annual Delivery Plan (ADP) commission and the requirement for formal ADP approval with the Scottish Government sponsor team on 10 November 2022.

The ADP includes revised clinical activity plans for the remainder of 2022/23 which reflect analysis of year to date performance versus planned activity, current workforce capacity, supporting the national priority to reduce patient waiting times and the national role in reducing waiting times for NHS Scotland through collaboration of NECU.

The ADP is underpinned by Delivery Planning Templates, including deliverables due during 2022/23 and 2023/24, which were reviewed on a quarterly bases with returns made to Scottish Government.

Deliverables recently added include:

* Initial scoping of the Board’s Sustainability Strategy which had begun and was on track.
* Senior NHS GJ and NHS Scotland Academy teams were scoping the proposal for Phase 4 to provide additional training / education space, this was at proposal stage.
* Funding and management of Scottish Public Sector Pay Policy (SPSPP) for workforce which was a potential financial risk.

Carole Anderson advised the Committee the next return to Scottish Government would be a forensic review undertaken of quarter 3, this would be presented to the Board in due course and the Committee were requested to support this in November.

 The Committee noted the Delivery Planning Templates Q2 Review.

**8 Corporate Governance**

**8.1 Risk Register**

Graham Stewart briefed the Committee on the Board Corporate Risk Register noting the newly redesigned register had now been through a full cycle of Board meetings.

Graham Stewart advised the Committee of the following notable system wide risks:

* Ongoing war in Ukraine.
* Cost of living impact.
* Ongoing recovery from the pandemic.
* CfSD and NHSS Academy when considering the context of the changing environment we were now operating within.

The Committee were then briefed on NHS GJ specific risks which included:

* Developments of the Phase 2 expansion program.
* Recruitment and retention for Phase 2.
* International Recruitment.
* Industrial action.

Graham Stewart also advised the Committee on the funding and management of Scottish Public Sector Pay Policy (SPSPP) for workforce which was a potential financial risk and possible impacts this would have on NHS GJ objectives.

Graham Stewart noted the last Risk Register Review was in March 2022 and proposed it was timely for the Board to consider this again. The Committee agreed it was appropriate to progress this.

The Committee noted the Board Corporate Risk Register.

**9 Issues for Update**

**9.1 Update to the Board**

The following points were proposed for inclusion in the Board Update:

**10 Any Other Competent Business**

**10.1 Briefing on District Heating System**

Graham Stewart briefed the Committee on explorative discussions to date with West Dunbartonshire council in relation to including NHS GJ on a District Heating system.

This would ensure compliance with the Board’s obligation to reduce energy consumption and associated emissions and achieving a Net Zero by 2040 at the latest.

West Dunbartonshire’s planned district heating system was designed to deliver low carbon heating to buildings within the Queen’s Quay redevelopment in Clydebank with Phase 1 of the project now complete and a further 3 phases to completion. It was proposed that NHS GJ would be included in Phase 4 and the Committee were asked to support further collaboration with the Council to fully assess the benefits for NHS GJ and depending on progress submit a recommendation to the Board. Graham Stewart confirmed he would seek advice from Callum Blackburn, Non-Executive Director & Sustainability Lead if the Committee agreed to support further development of this proposal.

Rob Moore noted indicative figures in the paper may not be reflective of current prices due to the energy crisis and it would be important to re-engage with Scottish Government when the business case is prepared to ensure revised capital costs would be affordable.

Gareth Adkins noted this was listed for discussion at upcoming private Board session on 27th November.

The Committee approved the District Heating System paper.

**11 Date and Time of Next Meeting**

 Tuesday 10 January 2023, 10:00-12:30, MS Teams