# **Approved minutes**

**Finance and Performance Committee**

**Tuesday 12 March 2024, 09:30 hours**

**MS Teams Meeting**

**Members**

Stephen McAllister Non-Executive Director *(Chair)*

Callum Blackburn Non-Executive Director

Rebecca Maxwell Non-Executive Director

Lindsay MacDonald Non-Executive Director

Jane Christie-Flight Employee Director

**Core Attendees**

Gordon James Chief Executive

Carolynne O’Connor Director of Operations and Deputy Chief Executive

Michael Breen Director of Finance

Carole Anderson Director of Transformation, Strategy, Planning and Performance

**In Attendance**

Catherine Sinclair Head of Research (from 10:15)

John Scott Director of Facilities and Capital Projects (from 11:10)

Katie Bryant Head of Clinical Governance (from 11:50)

Nicki Hamer Head of Corporate Governance and Board Secretary

**Apologies**

Karen Kelly Non-Executive Director

**Minutes**

Claire Hendren Corporate Administrator

1. **Opening Remarks**

**1.1 Chair’s Introductory Remarks and Wellbeing Pause**

The Chair welcomed everyone and detailed the plans for the meeting.

The Committee welcomed the opportunity for the Wellbeing Pause, aimed at helping to maintain connections between colleagues.

**1.2 Apologies**

The apologies were noted as above.

**1.3 Declarations of Interest**

There were no declarations of interest of note.

**2. Updates from Meeting on 14 November 2023**

**2.1 Unapproved Minutes**

Minutes from the meeting held on 14 November 2023 were approved as an accurate record.

**2.2 Action Log**

The Committee noted that there were no live actions to review.

**2.3 Matters Arising**

There were no matters arising.

**3 Operational/Finance Performance Review**

**3.1 Operational Performance – Q3 Integrated Performance Report**

Carolynne O’Connor provided a detailed presentation on the Operational Performance position.

 The salient points highlighted for National Elective Services (NES) Division were:

* Ophthalmology: A total of 755 cataract procedures were carried out against an original plan of 821 during December. Cumulatively, the service was now 1% ahead of the year end plan. 100% of in and out patients continued to be treated within 12 weeks. Inpatient (IP) cancellation rate during November was 3.4%, marginally above the target of 3%. 77% of lists had more than 7 patients against a target of 75%. Consultant workforce challenges continued although 1.0 WTE locum had been secured until March 2024 with a prospect of remaining in post.
* Orthopaedic Surgery: A total of 386 Orthopaedic procedures were carried out in December against a plan of 316, an over performance by 22%. Cumulatively, sub specialties were ahead of the year end plan by 12%. The Day of Surgery Admissions (DOSA) rate peaked at 77.4% exceeding the target (75%) for the fifth consecutive month. Four joints per session continued to increase, reaching a high of 70% against a planned care target of 50%. Discharge trajectories for Total Hip Replacement were met in December, achieving highest discharge rate (50%) for post op day one. Waiting times for joints was currently at 13 weeks against a target of 12 weeks. Cancellation rate was 2.6% against a target of 4%. 100th day zero patient listed for surgery during December.
* Endoscopy: A total of 714 scopes were carried out in December against a plan of 880, related to Phase 2 and the subsequent loss of capacity. Year to date the Endoscopy service performance remained ahead of plan at 6%. Utilisation remained above 85% for the sixth consecutive month, however aimed to meet 90% target by focused work to address high on the day cancellation rates. A Bowel screening trial with Grampian patients had been agreed and commenced in February 2024 allowing an opportunity to test the pathway and thereafter offer to other Boards if successful.
* General/Colorectal: A total of 157 General/Colorectal procedures were carried out in December against a monthly target of 195, cumulatively 6% behind the year end plan. A total of 36 colorectal procedures were carried out against a plan of 25. General surgery activity was 49 procedures behind target which was related to Phase 2. Utilisation of lists remained above 90% for the second consecutive month. The cancellation rate for General surgery was 6.4% during December, which was the lowest rate since May 2023. Utilisation of colorectal theatres was 100% during December with no cancellations. A General Surgery Improvement workshop was held during December which was extremely well attended and received positive feedback.

 The salient points highlighted for Heart, Lung and Diagnostics Division (HLD) were:

* Heart Lung and Diagnostics: Additional ‘Winter’ beds opening in November 2023 had a positive impact on NSTEMI 72 hour target patients. A Values and Efficiency Operational Lead was appointed. A CfSD bid to develop a Head and Neck Cancer Pathway was supported. Activity at Month 9 was 6% behind for Heart and Lung as Cardiology continued to drive the deficit – increased ‘hot lab’ to reduce 72 hour NSTEMI impacted capacity. The Radiology position was just behind SLA target at 1% but ahead on Cardiac and ‘internal’ NHS Golden Jubileee (GJ) work.
* Cardiothoracic Surgery: Cardiac inpatient waiting list reduction was achieved for the fourth consecutive month with activity ahead of plan by 6%. The Cancellation rate was under 14% in December which was reduced from 16% in November. One complex SACCS patient had been waiting over 52 weeks however a plan had been put in place. Thoracic Surgery: activity was reported ahead of plan by 2% and the cancellation rate reduced again to 4.6%. The 31 day Cancer target had been met.
* Interventional Cardiology: Activity was 9% behind plan which was attributed to increased ‘hot lab’ capacity to reduce 72 hour NSTEMI impacting overall capacity (which had been factored into 2024/25 ADP). Transcatheter Aortic Valve Implantation (TAVI) was 11% over plan with a focus on urgent and long waiting patients. Weekend sessions were held in Q3 to support any displaced coronary activity. A Quality Improvement Programme had been initiated to review the Cath Lab efficiency. Electrophysiology (EP) was reported as 6% behind the activity plan. There was a demand/capacity mismatch which masked the increased productivity. Twelve patients waiting more than 78 weeks all required General Anaesthetic. One weekend list was held in November however there had been no further volunteers. Challenges around TAVI funding continued with most Boards already at the threshold. Case by case requirement for funding authorisation could cause delay to intervention.
* National Services: 26 transplants were reported with 30 year to date. The Scottish National Advanced Heart Failure Services (SNAHFS) Business Case was supported at Chief Executives level however there was no commitment to fund.

The Committee reflected on the operational performance noting the continuing challenges around Endoscopy under performance and the impact on general surgery in relation to Phase 2. The Vanguard Unit had been secured for the first quarter to assist with delays. The Committee noted the TAVI issue continued as well as the wider impact on national services.

 The Committee discussed the mismatch between demand and capacity within EP which could be attributed to both an increase in referrals and a shortage of Anesthetists. Carolynne O’Connor reported that this issue had been discussed at length with the Regional Planner and colleagues at Scottish Government, with the need for a real focus on the issue moving forward.

 The Committee approved the Operational Performance Q3 Integrated Performance Report.

**3.2 Financial Report As At January 2024**

 Michael Breen reported the Month 10 financial position, highlighting the following key points:

* The Board approved a 2023/24 breakeven Financial Plan requiring c.-£6.6m of budget savings/in-year efficiencies by March 2024
* Year to Date Core Revenue position at end of January showed a positive variance of £780k or 0.4% with position expected to narrow back towards break even through months 11 and 12. Assumptions on phasing and profile of expenditure anticipated a break-even position by year end
* Net revenue core position for January 2024 reflected an overall positive variance of £780k
* Expenditure to date of c.£187.817m was ahead of Year to Date budget of £186.739m which resulted in an adverse variance of c-£1.077m
* Income to date of £193.719m was ahead of the Year to Date budget of £191.862m which resulted in a positive variance of c.£1.856m
* Core Funding allocated to date was c.£114.720m. An anticipated total core RRL of c.£137.665m for 2023/24 with c.£22.945m still to be received
* An SLA income of c.£67.422m equating to an over-recovery against budget of c.£67.065m by c.£357k
* Hotel and Other Income was c.£11.576m which equated to an over-recovery against budget of c.£10.077m by £1.499m
* Revenue expenditure reflected an overall adverse variance of -£1.077m or 0.58%. Pay costs were £692k positive or 0.55% of Year-to-Date budget. Non pay costs were -£1.768m adverse or -2.94% of Year-to-Date budget
* Pharmacy Supplies were reported at -£161k Year-to-Date, with the Director reviewing key drivers, including the use of branded/generic drugs and the quantity of drugs dispensed at discharge
* Surgical Supplies were reported at -£393k Year-to-Date. The main overspends were within Divisional narratives. Theatre supplies within NES and expenditure across HLD services, some of which was offset with corresponding over-performance on SLA income e.g. TAVI income
* Facilities Management spend was -£1.095m Year-to-Date relating to an increase in clinical waste costs and energy costs (particularly electricity) driven by volume changes and ongoing unit price increases (over and above assumptions agreed in Financial Plan)
* The Financial Plan assumed c-£6.66m of budget savings/in-year efficiency savings. Non-recurring savings of c.£4.5m had been identified (vacancy factor and ‘slippage’ of funded initiatives). The return of the “recovery monies” within HLD contributed £1.8m to recurrent savings. An in-year gap in efficiency savings target of c. -£360k was reported.
* The key focus during 2023/24 continued to be to develop a more structured programme management approach in the identification of work streams: HLD Division, Digital Transformation Initiatives, NHS GJ Conference Hotel Strategic Review, Other Trading income and the Research Institute
* Additional programme structure for ’15 point’ grid areas was approved by ELT with the identification of an overall SRO and relevant senior staff leading areas of focus
* There was an expectation of at least a 3% recurring efficiency target to deliver break-even moving forward
* Unbudgeted/unknown expenditure items were not provided for in Financial Plan
* Not all Scottish Government anticipated allocations had yet been confirmed
* Capital allocations of £4.270m confirmed by Scottish Government at Month 10 with ‘anticipated’ allocations expected of a further £10.187m which would result in an overall funded 2023/24 Capital Plan of £14.457m

 The Committee thanked Michael Breen for a clear presentation and noted the financial position.

 The Committee approved the Financial Report As At January 2024.

**3.3 GJRI Quarterly Report for Q3**

Catherine Sinclair presented an update on the Research Institute highlighting the following points:

* The number of approved research projects was currently sitting at 145
* A New Deputy Head of Service had been appointed and would commence in April 2024
* Total participant recruitment since April 2023 was 570
* There were ongoing discussions with Finance to look at introducing EDGE research management system which would assist with realisation of income
* The outline of research use and funding across support departments included a total of 316 for MRI and 101 for X-ray

The Committee approved the GJRI Quarter Three Report.

**3.4 Draft Financial Three Year Plan 2023-2026 Update**

Graham Stewart provided an overview of the current position. The following was reported:

* The Financial Plan draft one was submitted to Scottish Government (SG) on 29th January with the final submission due on 13th March 2024
* There was significant volatility over the period under consideration in respect of financial planning, e.g. SG funding levels, clarity on outstanding allocations and estimates on general inflation/growth in activity. SG Planning assumptions were to assume no inflationary increases in funding and no uplift on pay expenditure – to assume pay awards would be funded in full
* SG budget 19th December 2023 letter sent to CEOs confirmed recurring baseline allocations only +2023/24 pay inflation as recurring
* Sustainability and value programmes were referenced in the budget letter (cost reduction target of 3% recurring savings per annum)
* Key high level risks and assumptions were highlighted for Income and Expenditure
* Agreement of Service Level Agreements (SLAs) to reflect activity remained a challenging process, highlighting NSD Business Cases, Top-slice Activity for Elective Annual Delivery Plan (ADP) by Board which required agreement, West of Scotland (WoS) SLAs not providing additional income for over-performance and TAVI agreed plan of 229 for 2023/24 was lower than Year-to-Date activity
* There was an assumption that pay inflation would be fully funded however elements had not been confirmed such as Band 5 to Band 6 upgrade for Nursing staff, protected time for study and a reduction to a 36 hour working week
* There were Inflation pressures of £2.8m additional budget allocations for example utilities, rates, drugs and Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) increased the share of national increases (£400k)
* Agreed expenditure pressures included service planning budget for medical staff of £2m to reflect historic PAs, E-Rostering implementation costs and Digital Improvement investment of £2.3m including Hospital Electronic Prescribing and Medicines Administation (HEPMA) Pharmacy system
* Non-Core position break-even covering depreciation charges, annual managed expenditure items and any impairment of assets was reported. Assumption of £15m Impairment for new Surgical Centre funded through increased Non-Core funding
* Capital flexibility was reduced nationally for 2024/25 with a detailed Capital Plan to be presented to the Executive Leadership Team (ELT) for approval

 The Committee noted the forecast to year end was still being assessed as a break even position and the ongoing work to progress the efficiency savings.

 The Committee discussed the financial risks associated with Planned Care Activity and the possibility of other Boards not taking up NHS GJ activity. Gordon James confirmed these concerns had been raised with Scottish Government and the NHS Scotland Chief Operating Officer with the hope that clear direction would be offered to Boards moving forward.

Michael Breen highlighted to the Committee the significant financial challenge that the Scottish National Advanced Heart Failure Service (SNAHFS) would face as a result of the Business Case not receiving funding support due to the reductions in National Services Division (NSD) budgets outlined by them at a recent meeting. Gordon James noted that he had raised these concerns with the NHS Scotland Chief Operating Officer and was currently awaiting feedback.

Michael Breen also noted concerns over the financial challenges regarding the current TAVI situation when assessed against the funding challenges being experienced by territorial boards. Gordon James reported that the NHS Scotland Deputy Chief Operating Officer had been tasked with undertaking a piece of work around TAVI and it was hoped a response would be received within the following week.

The Committee approved the Draft Financial Three Year Plan 2023-26 Update.

**4. Strategic Planning Update**

**4.1 Expansion Build Programme Update**

John Scott presented an update on Phase Two, highlighting the following points:

* Work continued around the water commissioning issues. Following a meeting of the Water Safety Group, the two areas of focus identified were sampling from individual taps and a clinical clean of the general environment
* Dependencies with Central Sterilising and Processing Department (CSPD) and Endoscopy Decontamination Unit (EDU) Equipment Installation works and Commissioning/Handover Key Stage Assurance Review
* The planned completion date was to be confirmed
* Plans with eHealth and Medical Physics were being re-visited in the meantime
* Weekly principal meetings to review progress continued
* Final report to be issued prior to first patient

The Committee thanked John Scott for the detailed update and commended the progress to date.

Gordon James updated the Committee on the current situation around water commissioning, noting the positive update provided to the Expansion Programme Board on the work undertaken to resolve the issues.

Gordon James noted receipt of a letter from Scottish Government confirming 2024/25 capital funding for Phase 2 inclusive of Work Task Orders.

The Committee agreed that whilst the delay was causing frustration, the importance of ensuring the building was ready and fit for purpose was reiterated.

The Committee noted the Phase 2 Update.

**4.2 Annual Delivery Plan Q3 Review**

Carole Anderson presented an update on the Annual Delivery Plan Quarter Three Review highlighting the following points:

* One additional deliverable was reported in Quarter Two and Quarter Three around Equality and Diversity within Workforce. Overall the amber deliverables had decreased but green and red had increased.
* A review of Quarter Three projections showed Recruitment and Retention changed to red with challenges in recruiting key roles and retaining key staff. This position was expected to continue into Quarter Four.
* Delivery of the Realistic Medicine Workplan changed to red. A draft Workplan had been created and a Programme Manager proposal submitted to Scottish Government and therefore was projected to change to amber at Quarter Four.
* Positively, the National Bronchoscopy Training Programme was no longer a risk and had been changed from red to green
* TAVI remained red with the known demand and funded capacity challenges in the service
* Quarter Four projections showed deliverables were likely to increase in amber and reduce in green and red. The Health and Wellbeing Strategy deliverable may be escalated from amber to red
* The summary of deliverables showed green RAG assigned to twenty three throughout the first three quarters which was projected to remain the same in Quarter four

 The Committee thanked Carole Anderson for a concise and informative presentation.

 The Committee noted the Annual Delivery Plan Quarter Three Review.

**4.3 Draft 3 Year Delivery Plan 2024-2027**

Carole Anderson provided an overview of the Draft 3 Year Delivery Plan 2024-27.

The Delivery Plan was submitted to Scottish Government on 7 March 2024, clearly marked as draft, and would be presented to NHS GJ Board on 28 March 2024.

 The Committee thanked Carole Anderson and the team for the considerable amount of work in the preparation of the documentation.

The Committee noted the Draft 3 Year Delivery Plan 2024-2027.

**5. Corporate Governance**

**5.1 Strategic Risk Register March 2024**

Katie Bryant advised the Committee on the key points of the Strategic Risk Register and highlighted that there were six risks within the remit of the Finance and Performance Committee, none of which had changed in status since the previous report.

The Committee approved the Strategic Risk Register - March 2024.

**5.2 Finance and Performance Committee Annual Work Plan (2024/25)**

Michael Breen referred the Committee to the proposed Annual Work Plan for 2024/25.

The Committee noted the Annual Work Plan and was reassured the plan would be reviewed to reflect any necessary changes.

The Committee approved the Annual Work Plan for 2024/25.

**5.3 Finance and Performance Committee Terms of Reference 2024/25**

Nicki Hamer highlighted the Finance and Performance Committee Terms of Reference for 2024/25 which remained unchanged from the previous year.

The Committee approved the Finance and Performance Committee Terms of Reference 2024/25.

**5.4 Blueprint for Good Governance Implementation Plan 2024/25**

Gordon James noted the four commitments contained within the Board’s agreed Blueprint for Good Governance Improvement Plan 2024/25 which were relevant to the Finance and Performance Committee.

The Committee approved the Blueprint for Good Governance Implementation Plan for 2024/25.

**6. Issues for Update**

**6.1 Update to the Board**

 The Committee reflected on the operational performance noting the continuing challenges around Endoscopy under performance and the impact on general surgery in relation to Phase 2. The Vanguard Unit had been secured for the first quarter to assist with delays. The Committee noted the TAVI issue continued as well as the wider impact on national services.

 The Committee noted the forecast to year end was still being assessed as a break even position and the ongoing work to progress the efficiency savings. The Committee approved in principle the draft Financial Three Year Plan for onward submission to the Board for final approval.

 The Committee received an update on the Golden Jubilee Research Institute and noted the projects were still on target.

 The Committee was pleased to receive the Phase 2 update as it neared completion. However, the Committee noted the ongoing issue with water testing and the likely impacts on the operational availability dates.

 The Committee received an update on the Quarter 3 Annual Delivery Plan review and the draft three year Delivery Plan.

 The Committee approved the Strategic Risk Register.

 The Committee approved the Annual Work Plan for 2024/2025.

 The Committee approved the Terms of Reference for 2024/2025.

 The Committee approved the four commitments contained within the Blueprint for Good Governance Improvement Plan for 2024/2025.

**7. Any Other Competent Business**

There was no other competent business.

**8. Date and Time of Next Meeting**

 Tuesday 14 May 2024, 10:00-12:00, MS Teams.