# **Approved minutes**

**Finance and Performance Committee**

**Thursday 11 July 2024, 10:00 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

Graham Stewart Interim Director of Finance

Carole Anderson Director of Transformation, Strategy, Planning and Performance

**In Attendance**

Susan Douglas-Scott Board Chair

Zaid Tariq Deputy Director of Transformation, Strategy, Planning and Performance

Joe Hands Deputy Head of Risk and Clinical Governance (from 11:25)

Iain Skene Head of Procurement (from 11:40)

Christine Nelson Deputy Head of Corporate Governance

**Minutes**

Claire Hendren Senior 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**

No formal apologies were noted for this meeting.

**1.3 Declarations of Interest**

There were no declarations of interest of note.

**2. Updates from Meeting on 14 May 2024**

**2.1 Unapproved Minutes**

Minutes from the meeting held on 14 May 2024 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 – Integrated Performance Report**

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

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

* Heart and Lung: Activity at Month 12 was 5% behind in line with prediction and ahead of Q2 position. Over-performance from cardiac and thoracic surgery supported the deficit in Cardiology. The Radiology position was just behind the SLA target at 0.4% with overachievement across all ‘non SLA’ activity. There was significant improvement in the waiting list for Computer Technology Coronary Angiogram (CTCA). The Ultrasound Academy continued to perform above target. Planned care bid supported for additional Ultrasound, CT and MRI activity
* Cardiothoracic Surgery: Activity had been maintained at 6% over the Annual Delivery Plan (ADP) target. Day of Surgery Admissions (DOSA) rate was 11.5%, although small numbers, this was the highest since pre-pandemic. Long waiting patients in SACCS required complex planning with full team support to be scheduled when patients were ready. Thoracic Surgery activity continued to report ahead of plan by 6%. DOSA rate was 27%, the highest since April 2023. Increasing numbers directly to ward from recovery on day zero programme saved on high dependency unit beds. The 31 day Cancer target had been met
* Interventional Cardiology: Activity was 8% behind plan, however ahead of month 11 position. Transcatheter Aortic Valve Implantation (TAVI) was 21% over plan with 277 against 229 in Annual Delivery Plan. Urgent and long waiting patients had been prioritised and funding was to be agreed on a case by case basis. Weekend sessions were held to support any displaced coronary activity. Electrophysiology (EP) was reported as 4% behind the activity plan which had been maintained from Month 11. All long waiters required General Anaesthetic with activity limited by Anaesthetic staff availability. Device service was 11% ahead of target. Elective EP capacity had been displaced as sick patients required urgent care. Planned care bids for TAVI and EP had been approved by Scottish Government. Implementation papers for TAVI and ‘flow’ beds had been approved by Executive Leadership Team in May 2024
* Successes noted as 32 transplants (11 for 2024/25 year-to-date), Palliative Care service had been formally established with NHS Greater Glasgow and Clyde, HLD Values and Efficiency Project Board plan had been agreed and the SACCS review had commenced. There was ongoing challenge with a growing number of patients waiting more than 78 weeks for TAVI and EP where demand outstripped capacity. Mitigations in place included Scottish Government planned care funding, ongoing waiting list management, regular clinical review of waiting list and formation of new Regional Planning focus group

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

* The Division finished 3% behind at Month 12 due to the revised timeline for the opening of Phase 2, however was 5% ahead of the revised plan which represented activity against actual available capacity
* Ophthalmology: A total of 877 cataract procedures were carried out against an original plan of 938 during March 2024. Despite continued recruitment challenges, the service finished 1% ahead of year end position. The service saw an increase in training lists with more than 5 patients on lists due to trainee upskilling. The number of lists with more than 7 patients remained above target at 79%
* Orthopaedic Surgery: overall year-end position was 6% ahead of target with all other Orthopaedic specialties over-performing in month and at year-end. Joints were 68 cases behind year-end target which demonstrated increased levels of theatre utilisation achieved through ongoing improvement plans. The DOSA rate remained above target for the sixth consecutive month at 75.1% which indicated a sustainable change. Extended physiotherapy service between the hours of 6pm-8pm commenced on 25 March 2024 which was already showing a positive impact on early mobilisation and discharge activity
* Endoscopy: the service was 38% behind the original Annual Delivery Plan in month due to the revised timeline for Phase 2 opening, however finished only 10% behind the year-end target, which was an excellent achievement by the team. 97% of Endoscopy nursing staff were now in post for Phase 2. The Vanguard contract had been extended and the unit was now on-site
* General/Colorectal: the service continued to be behind plan in month 12 (43%) and at year-end (26%) due to the delay in the opening of the additional general theatre. Colorectal over-performance in month and at year-end (11%) did help to compensate for general surgery, which finished with a combined under performance of 11%

The Committee reflected on the excellent operational performance, noting the continuing challenges around performance due to the revised timeline for Phase 2.

The Committee had a robust discussion around the funding for additional heart transplants following the shortfall in the Scottish National Advanced Heart Failure Service (SNAHFS) Business Case and the ability to continue to deliver the service for patients, despite the gap in funding.

Carolynne O’Connor noted monthly meetings would take place with the National Services Division (NSD) to closely monitor the situation. However it was likely to reach the point whereby the funding envelope for delivery of heart transplants would not be adequate to deliver the service. At this point NSD would be formally apprised of the situation. The Committee was advised that the Chief Operating Officer was also fully aware of the current position and in receipt of regular updates.

Graham Stewart reiterated that the current funding position was discussed regularly with Scottish Government and the cost pressures would be reported at every opportunity moving forwards.

The Committee approved the Operational Performance Integrated Performance Report.

**3.2 Financial Performance including Capital Update**

Graham Stewart reported the Month 2 financial position, highlighting the following key points:

* As at May 2024 there was no change to the current financial gap of -£9.994m with a reported deficit of -£746k. Efficiency targets would be finalised for month three.
* The prioritised Capital expenditure plan had been revised to match the confirmed Core Capital Resource Limit (CRL)
* Expenditure to date of c.£40.259m was ahead of the year to date budget of £39.457m which resulted in an adverse variance of -£0.746m
* This was off-set with Income to date of £41.87m, ahead of the year to date budget of £41.81m which resulted in a positive variance of £0.056m
* Core Funding of £154.475m was anticipated (June’s allocation letter only confirmed recurring baseline at this time)
* SLA income of £13.985m was ahead of planned budget of £13.913m by £72k (NWOS Cardiac and Thoracic activity)
* Hotel and Other Income was £2.140m which was below the planned budget of £2.155m by £16k
* Revenue expenditure reflected an overall adverse variance of -£0.802m. Pay costs were reported at -£0.107m overspend or <1% of total budget. Non pay costs were -£0.695m adverse or -5.7% above total budget
* Key areas of efficiencies workstreams with most risk to delivery were listed as Medical Staffing (£0.5m), Admin Staffing Review (£1.6m), Balance of Medicines (£0.2m), and Procurement (NES areas) (0.8m) with total potential slippage of £3.1m
* Other opportunities included a review of the financial plan as part of month 3 to identify some part-year savings together with the return of the 2023/24 surplus which could off-set, to a large extent, the remaining gaps on savings.
* Confirmation of an ongoing 3% recurring efficiency target to deliver breakeven
* Robust governance was in place within the ‘Achieving the Balance’ programme to focus on 15 box grid initiatives including Medicines Management, Digital transformation projects, Corporate Services reviews and enhanced Vacancy Management
* Core Capital Formula had been confirmed at £2.691m along with the final element of the lift replacement. A further £1.1m of 2023/24 of slippage should be returned in 2024/25 as anticipated.

The Committee thanked Graham Stewart for a clear presentation and noted the financial position.

The Committee discussed the efficiency targets and the balance of achieving the savings against operational performance. Gordon James confirmed that the Nursing baseline had not been reviewed for some time and discussions were underway to ensure that the baseline was aligned to requirements whilst continuing to deliver safe services.

Gordon James noted that the Board Chief Executive meetings had been tasked with areas of focus to deliver the 3% recurring efficiency savings looking at the 15 box grid and specific initiatives such as use of direct engagement for medical locums. The Committee was advised that this would be a major challenge particularly around the transformation from non-recurring savings.

Graham Stewart noted the challenges within the efficiency targets included Procurement and Administrative staff and month three would begin to focus on looking for additional opportunities and schemes to narrow the gaps and progress towards the target. The Committee acknowledged the complexity of the challenges and looked forward to receiving regular updates.

Graham Stewart advised the Committee that the Capital Plan for 2024/25 had been discussed in detail with CDG and SCPG and proposals RAG rated during a recent risk workshop facilitated by the Head of Clinical Governance and Risk. Following approval at the Strategic Capital Planning Group, the 2024/25 capital planned expenditure was approved by the Executive Leadership Team.

The Committee acknowledged the pressures and the complexities of the capital planning and the uncertainty around items which may unexpectedly require funding throughout the year. Graham Stewart noted the £100,000 contingency budget and reassured the Committee that business cases had already been drawn up should any further funding opportunities be presented by Scottish Government.

The Committee approved the Financial Performance including Capital Update.

**3.3 Annual Delivery Plan**

Carole Anderson advised the Committee that formal feedback on the Annual Delivery Plan had been received on 20 June 2024 with confirmation that the plan broadly met Scottish Government requirements and could be presented to the July 2024 Board meeting for final approval.

The Committee noted the Annual Delivery Plan Update.

**4. Strategic Planning Update**

There were no items for Strategic Planning Update at this meeting.

**5. Corporate Governance**

**5.1 Strategic Risk Register May 2024**

Joe Hands advised the Committee on the key points of the Strategic Risk Register and highlighted that there were four risks within the remit of the Finance and Performance Committee due to the Recovery Plan risk merging with the Waiting Times Management risk.

Joe Hands noted two emerging risks around Capital Planning requirements which were in excess of current anticipated funding and Vulnerability of Procurement Services. Graham Stewart reassured the Committee that there were mitigations in place and updates would be provided to the next meeting.

The Committee agreed that the risk around EP should be the focus of the planned deep dive.

The Committee approved the Strategic Risk Register - May 2024.

**5.2 Blueprint for Good Governance Implementation Plan 2024/25 Update**

Carole Anderson presented an overview of the Blueprint for Good Governance Implementation Plan outlining the four objectives relevant to the Finance and Performance Committee.

The Committee welcomed the progress outlined and looked forward to the Stakeholder Relations seminar in the future.

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

**5.3 Procurement Strategy**

Iain Skene advised the Committee on the three year Procurement Strategy which was required to be published under the Procurement Reform (Scotland) Act 2014. The key priorities listed within the strategy included continuing the quest for best value, sustainable procurement, collaborative working, links with the Anchor programme and team development. In addition the Committee noted that an annual procurement report would be prepared detailing progress against the strategy.

The Committee approved the Procurement Strategy.

**6. Issues for Update**

**6.1 Update to the Board**

The Committee reflected on the excellent operational performance whilst noting the continuing challenges around performance due to the revised timeline for Phase 2.

The Committee was pleased to receive the Financial Performance Update whilst reflecting on the efficiencies challenges, particularly around the recurring savings target. The Committee noted ongoing discussions on the Nursing baseline as part of the review of the Nursing Vacancy Factor.

The Committee received the Annual Delivery Plan Update and was pleased to note that following Scottish Government feedback, the plan would be presented to the July 2024 Board meeting for final approval.

The Committee approved the Strategic Risk Register, confirming a total of four Finance and Performance related risks due to the Recovery Plan risk merging with the Waiting Times Management risk. The Committee noted the emerging risks around Capital Planning and Vulnerability of Procurement Services.

The Committee noted the Blueprint for Good Governance Implementation Plan 2024/25 Update and looked forward to the Stakeholder Relations seminar in the future.

The Committee approved the Procurement Strategy.

**7. Any Other Competent Business**

There was no other competent business.

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

Tuesday 10 September 2024, 10:00-12:30, MS Teams.