**Approved minutes**

**Meeting: Finance and Performance (FP) Committee**

**Date: 8 March 2022**

**Venue: MS Teams Meeting**

**Members**

Stephen McAllister Non-Executive Director *(Chair)*

Professor Jann Gardner Chief Executive

Jane Christie-Flight Employee Director

Linda Semple Non-Executive Director

Karen Kelly Non-Executive Director

Anne Marie Cavanagh Director of Nursing and AHPs

June Rogers Director of Operations

Colin Neil Director of Finance

Rob Moore Non-Executive Director *(Vice Chair)*

**In attendance**

Susan Douglas-Scott CBE Board Chair

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

Gerard Gardiner Head of Corporate Governance and Board Secretary

Graham Stewart Deputy Director of Finance

**Minutes**

Denise Crossan Corporate Administrator

**1 Opening remarks**

**1.1 Chairs Introductory Remarks**

Stephen McAllister opened the meeting and thanked everyone for their attendance. Stephen McAllister welcomed Graham Stewart, Deputy Director of Finance, to the meeting.

**2 Apologies**

There were no apologies noted.

**3 Declarations of Interest**

Previous standing declarations of interest were noted.

**4 Updates from last meeting**

**4.1a Unapproved Minutes**

The Committee reviewed and approved the minutes of the meeting held on 11 January 2022.

**4.1b Unapproved Minutes: Private Session**

The Committee reviewed and approved the minutes of the private meeting held on 11 January 2022.

**4.2 Action Log**

The action log was reviewed. Actions FPC/202220111/01 and FPC/20220111/02 were to be discussed during the meeting and were therefore closed. The two remaining actions have completion dates of May and June 2022.

**4.3 Matters Arising**

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

**5 Operational/Finance Performance Review**

**5.1a Operational Performance – Integrated Performance Report January 2022**

June Rogers provided a presentation on the Operational Performance position. The year to date figures for Ophthalmology, Orthopedic Surgery, Endoscopy, Colorectal Surgery, Cardiac Surgery, Cardiology and Radiology were noted. It was reported that there had been no significant change to the Inpatient and Outpatient waiting lists for Ophthalmology and Orthopedic Surgery since the last report.

The Orthopedic Team had faced challenges in relation to staff absence, recruitment delays, ability to open fifth Laminator Flow Theatre, mobilization rate lower than expected and day zero patients lower than expected. The Orthopedic Team had also experienced successes, in particular, the DOSA rate increased by 18% in December 2021 and the reduction in the length to stay following a successful ‘bed busting’ project in 2 West.

Challenges were also reported in Cardiology, urgent referrals have surpassed previous levels of 50:50 split to 63:35 split. This patient group displaced approximately two patients per day due to longer turnaround times, testing and complexity. In September 2021, Cardiology increased their bed footprint by 12 beds to support the model of non-repatriation and direct access for NSTEMI patients and this support would continue until the end of March 2022.

June Rogers concluded the presentation and highlighted the following key points:

* Ongoing staffing pressures particularly for Theatres;
* Agreement to continue with cancer surgery until the end of June 2022;
* Activity plans agreed for 2022/23;
* Activity allocations to Boards’ imminent;
* Positive discussions with West of Scotland Boards’ regarding utilization of staffed; Eye Centre capacity;
* Strong focus on getting back to ‘business as usual’ as a minimum; and
* Expectation to reach/exceed RMP4 plans by year end

Susan Douglas-Scott thanked June Rogers for the comprehensive presentation and commended the work of the Operational Teams during the Pandemic.

The Committee discussed the likelihood of non-repatriation of NSTEMI patients by 31 March 2022. June Rogers advised that Boards are still challenged by Covid admissions but a date had been agreed and dialogue would remain open with Boards. Scottish Government colleagues, directed by John Burns, NHS Scotland Chief Operating Officer, are considering how elective care manages to continue to flow despite the inevitable challenges and NHS Golden Jubilee (NHS GJ) would play an integral part of that.

The Committee approved the Operational Performance Update.

**5.1b/c Financial Performance – Integrated Performance Report January 2022 and Month 10 Finance Paper**

Colin Neil presented the Month 10 financial positon as at 31 January 2022. Month 10 noted a surplus of £0.186m for core revenue and income. The efficiency savings target was noted as £4.044m and the total identified to date was £3.072m, with £1.1m recurring and £1.949m non-recurring. £0.972m was yet to be identified and further work was ongoing to mitigate the gap.

The non-core and Capital position were noted as break even. An over recovery of £0.451m was noted in income, mostly associated with non-West of Scotland (WoS) activity for Cardiac and Thoracic. The Hotel position was reported as break even with the caveat that this included £3m of Remobilisation Plan (RMP) funding.

The Committee was advised that Scottish Government (SG) had delayed the final set of national allocations and therefore in Appendix 1 of paper 5.1c, Revenue Resource Limit (RRL) baseline was based on assumptions. Colin Neil advised that all values noted have had prior agreement and as such did not regard this as a risk.

Across Pays, all areas had a level of underspend due to vacancies in each category with the exception of Medical Staff. Pressures were noted within non-pay, particularly in surgical supplies, and these would be mitigated through cost-control measures, and additional income streams and reserves.

In relation to RMP funding, the Committee was informed that the remaining balance to be allocated was £5.4m and this had been confirmed. Access funding was reported as per the Month 8 position. The marginal costs were reflective of RMP4 activity and this figure would be adjusted when final activity numbers had been reported.

Colin Neil informed the Committee that the efficiency savings gap was £0.972m or 24% of the overall £4.044m target. Recurring savings were 28% and non-recurring were 48%. Further work had been done to review the level of recurring savings that could be achieved and the £1.123m had a full year effect of £1.754m. The carry forward for 2022/23 was noted between £1.3 and £1.5m.

The core capital allocation for the Board was noted as £2.691m with further investment for MRI funding, additional infrastructure and additional SG funding totaling £6.343m. In addition, an allocation had been approved for scopes and ultrasounds bringing the total to £8.051m. This together with the Phase 2 Expansion expenditure anticipated at £22m, the full capital profile was reported at £30m.

Colin Neil concluded the presentation advising that the core revenue position for 2021/22 noted an underspend of £0.186m at Month 10. Colin Neil reflected that meeting the full value of efficiency savings remained a challenge but the Month 10 position was reasonable considering the current financial circumstances.

The Committee queried if the IT Infrastructure work that was approved at the last Committee had been incorporated into recurring costs and/or capital infrastructure. Colin Neil responded that within the capital profile, £1.2m relates to various eHealth projects and this had been built into the investment profile for 2022/23 and future years.

The Committee noted the Financial Report – Integrated Performance Report January 2022 and Month 10 Report.

**6 Strategic Planning Update**

**6.1 Expansion Programme Update**

June Rogers provided the Committee with an update on the Expansion Programme.

A significant amount of work had been progressed in the previous four weeks. A series of workshops had been held with PSCP & Advisor Team to close out the items identified as part of the assurance review. June Rogers reported that engagement had commenced with Scottish Government in relation to the scheduling of the next Gateway Review. The previous review was held during October 2019.

June Rogers shared that the Breakthrough Programme had commenced and was progressing well. During the period, there had been significant focus on workforce and recruitment. The Hospital Expansion Nursing Workforce Group (HENWG) meetings are now reestablished with a remit to ensure that there was continued scrutiny of nursing workforce plans, that key decisions are made timeously, and that there is a group responsible for supporting the development of new and or extended roles.

The issues affecting the Programme continued to be the impact of Covid-19 and the supply of materials. To date neither of these issues had resulted in any delays to the programme.

The Committee noted the Expansion Programme Update.

**6.2 Annual Activity Plan (submission to SG)**

The Committee was presented with the Annual Activity Plan (submission to SG).

Carole Anderson delivered a presentation on the Annual Activity Plan. In advance of the Annual Delivery Plan (covering next 1-3 years), which would be due for submission to Scottish Government in July 2022. NHS Golden Jubilee would be required to develop and submit to SG an activity plan covering the period 1 April 2022 to 31 March 2023.

The activity plan had been developed through in-depth planning within Divisional Teams and through a range of workshop sessions with key Executive Leads, Finance and Workforce colleagues. Comparative analysis of the plan had been carried out against: Pre-Covid activity levels in 2019/20; RMP #3 Plan; and RMP #3 (actual) + RMP #4 plan.

Carole Anderson provided a detailed breakdown of the planned activity, assumptions and risks for each speciality.

Carole Anderson advised that key delivery risks would be managed by operational teams on a daily basis. Weekly reporting of performance against the activity plan would continue to be provided to the Performance Update Meeting. Monthly activity reporting would continue within the IPR and bi-monthly to the Finance and Performance Committee and NHS Golden Jubilee Board.

Following a query raised in relation to the ability to get back to a full recruitment position, the Committee were advised that the Executive Team remain optimistic and focused to find solutions to the current recruitment challenges. There had been scrutiny by the Executive Team at the weekly Performance Update meetings and the level of staff departures had become more manageable. In addition, over recruitment was being considered as part of the Phase 2 Workforce Plan. Further detail of this would be provided to the Committee when ready. It was noted that the national shortage of Ophthalmologists was of particular concern. International recruitment had focused on Nursing but a greater focus on Medical staff could be explored.

The Committee approved the Annual Activity Plan and supported its submission for approval to the NHS Golden Jubilee Board.

*The Committee adjourned for a short 10 minute break at 11:15.*

**6.3 Q3 Review RMP4 Delivery Planning Templates**

Carole Anderson provided an update on the Q3 Review RMP4 Delivery Planning Templates.

Carole Anderson informed the Committee that the Delivery Planning Templates for NHS GJ cover:

* Heart, Lung and Diagnostic Division
* National Elective Services
* Digital
* Estates
* Finance
* Golden Jubilee Conference Hotel
* Inequalities
* NHS Scotland Academy
* Workforce
* Centre for Sustainable Delivery (new template developed for Q3 submission)

Scottish Government had requested that Boards review Delivery Plans, reporting quarterly on progress against key deliverables, updated RAG status for each deliverable and any changes to identified risks/controls, or milestones. Updates are required to follow an exception reporting approach, Government had not requested detailed updates on each deliverable.

Carole Anderson advised that SG were not seeking an update on the narrative front-end RMP4 report, nor the detailed activity schedules and finance plans that accompanied RMP4. Carole Anderson noted that the highlight report within Appendix 1 of paper 6.3a provided an exception based update on the delivery of NHS GJ’s RMP4 Delivery Planning Templates.

Carole Anderson shared that the report reflected the risks and challenges that had been discussed previously by the Committee regarding activity, impact on waiting times and recruitment being the greatest challenges.

The Committee noted the Q3 Review RMP4 Delivery Planning Templates and supported their submission to the Board for approval.

**6.4 Finance Three Year Plan**

The Committee received a detailed presentation on the Draft Revenue Financial Plan from Colin Neil.

The Financial Planning Template was submitted to Scottish Government by the 18 February 2022 deadline. Whilst this was a three year template, SG requested that only 2022/23 was completed for this date. It was expected that the return would be refreshed for a full three year plan later in financial year 2022/23, alongside submission of a three year operational plan.

Colin Neil emphasised that, nationally, there would still be a substantial level of Covid-19 funding within 2022/23 which would be consumed by vaccinations and Test and Protect expenditures, with limited scope for the additional funds similar to those received via RMP funds .

Colin Neil advised that £1.5m had been identified as a forecast income loss for the Golden Jubilee Conference Hotel (GJCH) into 2022/23 and this would be picked up in financial discussions with SG over the coming months given the financial risk for NHS GJ. The Board previously received non-recurring funding to support the workforce support implemented into the HLD division to bridge implications from 4 Nations Guidance, patient distancing flow implications and change in patient complexity coming through due to delayed presenting within the health pathway. This area together with the Cardiology strategy would be discussed with SG to determine a financial conclusion.

Colin Neil provided the Committee with a detailed breakdown of the key areas within the Financial Plan. To conclude the presentation, Colin Neil advised that the overall efficiency savings gap for 2022/23 was £4.510m and the key areas related to this gap were reported as: carry forward savings; pay uplift gap; supplies inflation; drugs inflation; Band 2 to 3; energy costs and developments.

Colin Neil advised that the Capital Plan would be presented at the next Finance and Performance Committee meeting.

The Committee acknowledged the extreme increases in energy costs and discussed the potential plans for a sustainability strategy. The Executive Team advised that a number of areas of work are being explored in this area. SGs draft Sustainability Strategy is at consultation stage and this would be a helpful document for establishing a framework and a good basis for NHS GJ to create an action plan.

The Committee welcomed the detail provided on the Financial Plan and the level of transparency provided on the assumptions in the budget. It was noted that there were a number of risks in the budget and Committee members requested that an assessment of the risks be provided in the next iteration of the Financial Plan. Colin Neil agreed to provide sensitivity analysis of the risks associated with the Financial Plan at the next Committee meeting.

Professor Jann Gardner shared that a full review of the Board Risk register had commenced and an action plan to reinvigorate the Risk Register would come back to NHS GJ Board in due course.

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| **Action Ref** | **Action** | **Lead** | **Status** |
| FPC220308/01 | **Financial Plan**  Provide sensitivity analysis on the risks within the financial plan at the next Committee meeting | Colin Neil | New |
| FPC220308/02 | **Capital Plan**  Capital Plan to be presented at the next Committee Meeting | Colin Neil | New |

The Committee approved the Draft Revenue Financial Plan.

**7. Corporate Governance**

**7.1 Risk Register**

Colin Neil provided an overview of the Board Risk Register following review by the Audit and Risk Committee.

A new risk, O23 eHealth Resources, had been added to the Risk Register. S17 Recovery Plan had been maintained at medium level due to the ongoing workforce challenges. S12 EU Withdrawal had been removed from the Risk Register. F8 Financial Planning remained a medium risk. O9 Waiting Times Management would remain a high risk while RMP4 was being delivered, it recognized that the level of waiting time across NHS Scotland was at a record high due to the pandemic. S13 National and Regional Working remained a high risk. S20 Covid-19 Pandemic had been maintained as a medium risk.

Colin Neil reiterated that a full refresh of the Board Risk Register would be undertaken.

The Committee noted the Board Risk Register.

**7.2 Finance and Performance Committee Workplan Review**

Colin Neil shared that a comprehensive workplan had been drafted for 2022/23. In addition to the historical workplan the Committee would receive; a twice yearly deep dive on efficiency savings; a twice yearly Capital Update and a yearly NHS Scotland Academy and Centre for Sustainable Delivery Financial updates.

Committee members were asked to consider the emerging workplan and comment in advance of tabling a final version to the May Committee cycle.

The Committee approved the Draft Finance and Performance Committee Workplan.

**7.3 Terms of Reference 2022/23**

Stephen McAlister advised that there were no changes to the Terms of Reference following their review in January 2021.

The Committee approved the Finance and Performance Committee Terms of Reference.

**8 Any Other Competent Business**

**8.1 Feedback on Blue Print for Good Corporate Governance Self-Assessment**

Gerard Gardiner shared that the Feedback on Blue Print for Good Corporate Governance Self-Assessment was presented to the Staff Governance and Person Centre Committee in the current cycle and it was considered valuable to present to all Committees.

The report includes a summary of activity that had taken place in 2021/22 and the programmed activities for 2022/23 which are aimed at further embedding the principles of the Blue Print for Good Governance within NHS GJ.

A summary of the Corporate Governance Workplan had been provided for information within Appendix 3 of the report which contained a number of improvement actions that were ongoing and targeted completion date for the end of the financial year 2022/23. In addition, forthcoming Board Seminars on Active Governance and Remuneration Committee arrangements would provide opportunities for Board members to gain awareness of national best practice.

As reported to the Board in January 2022, a revised Model Code of Conduct for Members of Devolved Public Bodies was approved by the Scottish Parliament in December 2021. The Head of Corporate Governance and Board Secretary assured the Committee that the intended “Once for Scotland” approach to implementation of the Model Code within the NHS would be progressed through the Board’s governance structure.

The Committee noted the Feedback on Blue Print for Good Corporate Governance Self-Assessment.

1. **Update to the Board**

* The Committee commended the strong operational performance, reductions in the Ophthalmology waiting list and reductions elsewhere in cancellations
* The Committee acknowledged the challenges in Cardiology
* The Committee noted that the organisation was on course to exceed RMP4 plan.
* The Committee noted the ambitious Annual Activity Plan which would be presented to NHS GJ Board for approval. The Committee noted that one of the critical risks remain recruitment which would be challenging.
* The Committee had an in-depth discussion on the three-year Financial Plan and noted the associated risks. The Committee approved the three-year Financial Plan but requested that sensitivity analysis would be brought back to the Committee on the risks which links to the review of the Risk Register.

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

Tuesday 3 May 2022 at 13:30 – 16:00