**Approved minutes**

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

**Date: 5 July 2022**

**Venue: MS Teams Meeting**

**Members**

Stephen McAllister Non-Executive Director *(Chair)*

Professor Jann Gardner Chief Executive

Jane Christie-Flight Employee Director

Lynne Ayton Interim Director of Operations

Colin Neil Director of Finance

Linda Semple Non-Executive Director

Karen Kelly Non-Executive Director

Anne Marie Cavanagh Director of Nursing and AHPs

**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

Katie Bryant Head of Clinical Governance

**Apologies**

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

Mark MacGregor Medical Director

Gareth Adkins Executive Director of Quality, Innovation & People

**Minutes**

Maeve Coleman Corporate Administrator

**1 Opening remarks**

**1.1 Chairs Introductory Remarks**

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

**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**

Lynne Ayton requested that the wording in a paragraph of the Operational Performance section be changed from “recover towards a more sustainable” to “respond to this different”. Pending these changes, the draft minutes of the meeting of 3rd May 2022 were approved as accurate.

**5.2 Action Log**

The action log was reviewed. Actions FPC/220503/04 and FPC/220503/05 were to be discussed during the meeting and were therefore closed. Action FPC/220503/01 has been deferred to the September Committee meeting.

**5.3 Matters Arising**

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

**6 Operational/Finance Performance Review**

**6.1a Operational Performance – Integrated Performance Report March 2022**

Lynne Ayton provided a presentation on the Operational Performance position. The year to date figures for Ophthalmology, Orthopedic Surgery, Endoscopy, General/Colorectal Surgery, Cardiac Surgery, Thoracic Surgery, Cardiology and Radiology were noted.

In Ophthalmology, clinic activity improved with capacity increasing to 48 patients per day, this is supporting the increasing number of patients on waiting lists. A total of 743 cataract procedures were carried out in April, against an original plan of 811 but the activity (year to date) YTD is overachieving by 2%. The In Patient cancellation rate remains at 4.4% with ongoing quality improvement work focused on achieving target of 3%.

In Orthopedics, a total of 343 procedures were carried out in April against a plan of 349 with activity YTD overachieving by 2%. Successes also noted were, the Day of Surgical Admission (DOSA) rate has increased to 62% from 58% last month and the cancellation rate reduced by 0.4% to 3.2%, with a target of 3%.

General Surgery cancellations decreased to 11.9% in April from 12.7% with improvement work continuing to provide focus including; improved vetting of referrals, increasing the number of pre-operative assessment clinics and the establishment of a General Surgery Improvement Group.

Performance in Endoscopy continues well despite a challenging target, a total of 575 procedures were carried out in April against a plan of 441 with YTD performance overachieving against target of 29%. The cancellation rate continues to decrease, the rate in April was 6.3% down from 10% in March. It was noted patient Did Not Attend (DNA) is the most common reason for cancellations and this is most likely related to Covid issues. The committee were advised of the Joint Advisory Group on Gastro-intestinaI endoscopy accreditation visit on 4th May, this went well with positive feedback. Two issues were raised which are being addressed and full accreditation is expected once complete.

Cardiac Surgery activity was 95 in April against YTD target of 79, this was supported through use of IS which was very successful. The cancellation rate for Cardiac Surgery was noted at 16.1% which was predominantly due to the impact of staffing and patients not fit on the day of surgery. The committee were assured there was a robust multidisciplinary analysis of all reasons for cancellations every week. This was a Divisional priority with improvement works underway including: (i) a redesign of Critical Care; (ii) reinvigoration of the enhanced recovery programme (ERAS); and (iii) the improvement in pre-operative assessment. There were 3 cardiac transplant procedures performed in April which brings the YTD total to 12.

The Committee were advised activity in Thoracic Surgery delivered 92 procedures against Scottish Government target of 95 and RATS (Robotic Assisted Thoracic Surgery) is now the most common approach for lobectomies, helping to deliver better outcomes.

Challenges continue in Cardiology with a shortfall of procedures due to equipment failure, staff shortages and patient cancellations. These patients continue to require ongoing Covid testing and this reduces ability to fill last minute cancellations. Patients continue to be prioritized based on clinical urgency.

April activity remains behind YTD target in Radiology due to significant workforce challenges but a review of activity to include patient weighting is ongoing which will support the ability to meet planned target.

Lynne Ayton also briefed the committee on the following operational updates;

* Medical Physics have successfully completed re certification to ISO 13485
* Scottish Adult Congenital Cardiac Service Clinical Strategy is now complete and is progressing through the Board cycle.

The Committee commended the strong performance against a challenging backdrop of workforce challenges and financial pressures from reliance on agency and overtime

The Committee noted funding provision is in place for 14-17 transplant procedures this year with 12 already complete YTD. Concern was expressed in relation to the possible impact on funding and performance as a result of increased transplant activity. Lynne Ayton advised this is a referral based service and there is a Scottish National Acute Heart Failure Service (SNAHFHS) Strategic Development Board proposed business case progressing, this is currently with National Services Division (NSD) of NHS Scotland. Colin Neil provided assurance to the Committee that NHSGJ works very closely with NSD and there was sufficient process to allow coverage of costs, although this may change dependent on other pressures. Professor Jann Gardner agreed with Colin Neil and noted there may need to be difficult decisions in relation to use of the site and funding in the future.

The Committee approved the Operational Performance Update.

**6.1b Financial Performance – Integrated Performance Report March 2022**

Colin Neil presented the Month 02 financial positon as at 31 May 2022. Month 02 noted a surplus of £0.2m 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 in year was £1.3m, with an initial estimation of schemes amounting to c£1m to follow. This leaves a potential shortfall of £2.2m at an early stage of the financial year. The non-core and Capital position were noted as breakeven.

The income and expenditure summary noted a surplus of £200k against a total budget of £185m. The Hotel position closed at break even with forecasts being developed for this area together with income assumptions and support funding. The trail of Revenue Resource Limit Baseline budget to current annual budget has not been included at month 2 but assurance was given this will be included once issued by Scottish Government for Quarter 1 reporting.

Expenditure as at 31 May 2022 was £14k overspend, made up of £268 in Medical Pays, £43k Admin Pays and Surgical Supplies £402k. Reserves are underspent by £609k which reflects the finance plan assumptions on funding.

Colin Neil reported that the Board capital plan for 2022/23 has been agreed by the Capital Group and approved by the capital department at Scottish Government, this includes funding for replacement of a Cath Lab. Month 2 is only at the early stages of financial expenditure and the review of actual spend and forecasts will be actioned from Quarter 1

Colin Neil concluded the presentation advising the Board is reporting a surplus position of £0.02m Core, on a year to date budget of c£31m and 2021/22 Capital Resource Limit position is break-even with significant investment incorporated within the current Capital Plan. Colin Neil noted good progress had been made in relation to the efficiency savings with identification of £1.3m to date and a further £1m of pipeline efficiencies to follow.

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

**6.2 Review of KPIs**

Carole Anderson informed the Committee that the KPI review process, by the Performance & Planning team, for all indicators and its associated target performance report in 2021/2022 is now complete.

The Committee were briefed on the recommended amendments to current measures within the IPR Performance Dashboard for the 2022/2023 scorecard, these include revising targets in light of overachieving historic targets along with considerations of post Covid recovery period.

Carole Anderson advised targets on Long Waiting Patients performance are expected to be confirmed in the near future by Scottish Government and additional performance indicators will be established within the IPR to track delivery of these new targets.

The committee noted their appreciation for this piece of work and Performance and Planning’s continued agility with reviewing KPI targets. Discussion followed regarding the inclusion of NHS Academy and CfSD in future and assurance was given that this was being considered with a view to incorporating both organisations as they develop and operational delivery moves to scale.

The Committee noted the Review of KPIs.

The committee adjourned for a short break at 11.10am and reconvened at 11.20am.

**7 Strategic Planning Update**

**7.1 Expansion Programme Update**

John Scott joined the meeting for item 7.1

John Scott provided the Committee with an update on the Expansion Programme and noted the following key points:

* Work progresses well on site and in line with plan,
* Significant progress has been made against the action plan following the most recently concluded assurance review,
* Assurance Review Action Plan (Stage 3) has now concluded and will be submitted to NHS Assure in May.
* The Assurance Review (Stage 4) commenced on 25th April and is currently in week 9 of 12 planned,
* Ongoing tasks include: Kier have taken possession of Ortho OPD Level 1 with work expected to commence shortly, Orthopaedic staff relocated to Level 5, refurbishment of existing hospital accommodation to provide additional Orthopaedic OPD space and refurbishment of areas on the periphery of the theatre to provide Theatre Administration Space and Perfusion Set Up Space.

Lynne Ayton advised a review of overall governance was ongoing and a State of Readiness Group had been establish to ensure smooth engagement on operational aspects as handover is approached.

The Committee noted the Expansion Programme Update.

John Scott left the meeting after item 7.1

**7.2 Annual Operational Plan / Remobilisation Plan (Submission to Scottish Government)**

Carole Anderson advised the Committee NHS Boards were asked to develop Annual Delivery Plans for 2022/23 and 3 year Workforce and Financial Plans. These are to enable system and workforce recovery to support future pressures and deliver the changes required for longer-term sustainable healthcare service.

The Annual Delivery Plan comprises 3 Horizon Frameworks with Horizons 1 and 2 focusing on stabilizing and reform and Horizon 3 (5-10 years) looking at transformation. NHS GJ’s ADP will focus on priorities identified with the territorial board commission including urgent and unscheduled care. It will also include contribution and priorities of the CfSD, NHS Scotland Academy and Digital priorities.

The Activity Plan for 2022-23 was submitted to Scottish Government in March and activity is currently exceeding planned activity in surgical and interventional cardiology services by 5%. A commitment has been given to increase activity by 10% across all services and a more granular plan incorporating this will be presented at next meeting.

The Committee noted the Annual Operational Plan/Re-mobilisation Plan.

**7.3 Finance three Year Plan Update**

Colin Neil updated the Committee on key points of the Financial Plan including;

* NHS Scotland Academy, meetings with Scottish Government Finance have been positive with discussions focusing on additional programmes and developments for 2022-23 and beyond.
* CfSD is assuming a cost neutral position within the Finance Plan. Further schemes relating to cancer, ANIA and the Green Theatres project of £1.2m have also been shared.
* Elective Treatment Centre, this is also assuming a cost neutral position with ADP activity plan assumptions and aligned with original Phase 1 & 2 FBC position.
* International Recruitment, cost assumptions of £905k align with the business case being developed. It is acknowledged that an element of internal costs may need to be funded directly via the Board.
* Cath Lab 5, no external funding support has been approved at this stage and discussions are ongoing via regional planning and boards and will be subject of discussion with Regional forums and Scottish Government.
* Service Planning, collation of these across services incorporated development plans to increase sessional availability.
* E-health Investment, additional support incorporated following approval of the investment paper in light of evolving demand on the eHealth team from agile working, system response and to national system upgrades and innovative technologies.
* LIMS increased Costs, a provision of £810k has been included within the revised financial plan to account for potential unexpected cost to extend / replace our current system.
* Noted the pay award of 5% represents an additional cost of £3.6m, pending finalization and agreement of the pay deal.
* There is an expenditure gap of £4.6m of which £0.6m relates to the pay uplift gap if confirmed, LIMS increased costs and SLA Income uplift will increase following pay award agreement.

 The Committee noted the Finance three Year (22-25) Plan Update.

**7.4 Delivery Planning Templates Q4 (2021/22) Review**

Carole Anderson provided an update on the Delivery Planning templates Q4. This is a quarterly update provided to the Scottish Government on the delivery and progress against deliverables as at December 2021. It includes an updated RAG status on each deliverable and any changes to identify risks / controls etc. Carole Anderson informed the Committee one risk in relation to workforce challenges in staffing theatres for the expansion is now amber rating.

 The Committee noted the Delivery Planning Templates Q4 (2021/22) Review.

**7.5 RMP3/RMP4 Year End Activity Report**

Carole Anderson advised the End of Year Activity Report confirmed NHS GJ activity levels have recovered well during the period of RMP 4 and the overall activity status has been positive in a challenging environment. The monthly divisional breakdown of activity against plan was demonstrated in figures 1 and 2 within the circulated paper.

The Lung Cancer performance against the national target of 95% of cancer patients treated within 31 days of decision to treat has been consistently met since Q1 2020/2021.

Carole Anderson noted that the detailed projections and activity for RMP3 and RMP4 have been provided within the appendix.

As part of the current activity monitoring, analysis of the most recent activity within RMP 4 was carried out compared to the pre-Covid period. For the purposes of this analysis, the pre-Covid period April 2019-January 2020 was selected as Covid disruption impacted activity and normal reporting during February and March 2020. This analysis has used calculations of average activity per month. This demonstrates that NHS GJ activity levels have recovered well during the period of RMP 4.

The Committee noted the RMP3/RMP4 Year End Activity Report and commented on the success of total activity undertaken in 2021/22 finishing the year 9% ahead of plan.

**7.6 Hotel and Conference Centre Update**

Lynne Ayton advised the Committee the Hotel and Conference Centre performance continues to exceed plan by 1.7% with business pipeline and enquiry levels remaining high, particularly in quarter 4. There have been a number of successful large conferences returning recently, of note the SNAHFS Symposium and UNISON conference.

Lynne Ayton highlighted the following key areas:

* Performance for April 22 achieved financial expectation,
* April saw the Hotel host key business including UoG and OSCE examinations.
* Bookings were in line with overall UK market,
* Working in collaboration with Comms – development of Marketing Strategy for 22/23 is now complete,
* Plan intended to relaunch the Hotel to all market segments,
* Reinforce the Hotel’s position as a significant conference and training venue for NHS Scotland and healthcare markets
* Remodelling the suites, remaining bedrooms on Level 2 and 3 continues to increase bedroom stock from 168 to 170,
* Completion expected by end May 2022 (delayed from April due to supplier issues))
* Hotel is working with colleagues across the site to provide AV support to the Research training rooms,
* Work progressing with the International Recruitment Team in advance of new recruits arriving in Autumn,

Lynne Ayton noted the recent successful appointment of Denis Flanagan to Commercial and Logistics Director for Hotel following a robust recruitment campaign.

Colin Neil briefed the committee on recent developments in regard to Scottish Government use of the hotel for Ukrainian refugees. Discussions on planning for this are ongoing with a commitment being sought by Scottish Government to accommodate up to 20 refugees from August to the end of the financial year.

The Committee noted the Hotel and Conference Centre update.

**7.7 SACCS Strategy 2022-25**

Niki Walker and Martin Dawes joined the meeting.

Lynne Ayton referred the Committee to the Strategy, which had been submitted in advance of the Committee meeting, and asked for the Committee’s endorsement prior to it being presented to the Board at the end of July.

Martin Dawes provided an overview of the SACCS service, the purpose of the Strategy and the 7 priorities identified within it.

On behalf of the Executive team, Jann Gardner commended the SACCS team on the pragmatism and commitment they have shown to this process.

 Lynne Ayton stated the Strategy proposes an ambitious and sustainable way forward.

Stephen McAlister noted he was wholly supportive of the paper and wished NSD success with the Strategy.

The Committee approved the SACCS Strategy for 2022 – 2025. Niki Walker and Martin Dawes left the meeting.

**8 Corporate Governance**

**8.1 Risk Register**

Colin Neil outlined the requirement for a recent Risk Register Review which was commissioned at a time of significant growth in the organization and portfolio. This refresh on the Board Corporate Risk Register takes into account recent system wide and NHS GJ specific developments. Colin Neil advised risk management included identification of the key risks and an associated assessment of the level of risks with corresponding mitigating actions. This then provides assurance that appropriate risk management processes are in place. The revised version included improved presentation of risk categories and additional organisational risk areas.

Colin Neil advised the Committee will note the inclusion of 3 new risks;

1. LIMS Replacement Laboratory Information Management System. A new system has been purchased across NHS Scotland, however rollout of this new system does not align with end of current provider’s contract who may withdraw the right to use their system at that date, 31st March 2023. If this occurs NHS GJ is at risk due to this gap in provision.
2. Cyber/Governance – use of unsupported systems. Guidance is being drafted and communications will be disseminated to all staff. This will be incorporated into eHealth current risks.
3. Recruitment and Retention Executive Cohort – the Remuneration Committee identified the risk of not being able to recruit to and subsequently retain in post staff relating to senior positions.

The Committee noted the Board Corporate Risk Register.

**8.4 Deep Dives**

 **Efficiency Savings**

Colin Neil updated the Committee on the current efficiency gap in the financial plan which remains at £4.5m for the month 2 reporting cycle, this leaves a balance of £3.2 still to be identified.

Colin Neil confirmed good progress has been made and outlined highlights so far;

* Cath Lab, various consumable tenders recurring £179k
* Cardiac Physiology, SICD recurring savings £29k,
* Medical Physics, contract recurring savings £27k,
* Theatres, multidisciplinary group with procurement recurring £212k,
* Pharmacy, confirmed £40k to date but sill in discussions regarding potential savings of additional £12k.

Graham Stewart briefed the Committee on a current example of efficiency savings identified around consumables in the Cath Lab which has delivered £370k to date. These efficiencies were identified through a number of procurement projects including focus on bulk orders, commitment deals and special offers.

Colin Neil advised NHS GJ has a strong track record in achieving savings and core to this has been the department and divisional reviews via the Performance Review Groups. The committee were assured good progress was being made and performance against targets will continue to be reported monthly, with a further deep dive planned for November.

The Committee noted the Deep Dive update on Efficiency Savings.

 **Medical Salaries**

Colin Neil outlined that key pay pressures in relation to medical salaries at the NHS GJ which have been managed within the overall funding availability within the organisation. These areas include Orthopaedic consultants, general Anaesthetic cover, cardiology, cardiac and thoracic medical cover and medical laboratory and radiology staffing. The position at Month 2 confirmed there was an overspend YTD budget of £5.1m on medical salaries. The Committee were advised the finance and operational teams are compiling a specialty by specialty position to be reviewed at the PRGs to assess the actions and mitigations which can manage the current position.

Colin Neil advised the Committee on a number of areas of progression currently focused on addressing this situation. This overspend is largely due to heavy dependence on Waiting List Initiatives (recruitment challenges) and medical staff are working with finance colleagues to gain a better understanding of income streams, budget and spend and secure more medical engagement with budget. These include discretionary points, locum payments for junior staff, NES locum payment reductions, Nurse Endoscopists in post and job plan reviews for all divisions.

The Committee were assured a complete budget review across all headings is being undertaken along with a review of WLI costs versus agency costs versus sustainable options along with completion on Job Plans. A further update will be provided to the Committee in November in line with agreed work plan.

The Committee noted the Deep Dive update on Medical Salaries.

**9 Issues for Update**

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

* Remarkable performance delivering; ophthalmology increased to 48 patients a day, Orthopaedic activity up 4% in the last month with cancellations down 3%. Endoscopies up 29.5% with a decrease in cancellations and a very positive JAG accreditation with two minor elements to be addressed.
* Cardiology activity is up 20% YTD and overall 2% increase in operational performance not without operational challenges; workforce, reliance on agency and overtime working for sustainability. Noted also challenges in radiology in terms of workforce.
* Finance, noted balance position at month 2, Efficiency Savings noted at £1.3m so far with £2.2m to be found.
* Update noted on annual operational plan and remobilization plan to Scottish Government. Approval of finance plan next year as well. Sub to SG around Op plan.
* Hotel activity is good showing continued recovery, currently 1.7% above plan.
* SACCs Strategy approved onward submission to Board.
* Deep Dives; really good work demonstrating understanding and clarity on how to reduce costs across both Medical Salaries and Efficiency Savings.

**10 Any Other Competent Business**

**10.1 Corporate Objectives**

Professor Jann Gardner gave a high level brief to the Committee on the six objectives for the year, she confirmed a more comprehensive paper will be brought to the Board in July if the Committee were agreeable with this plan

The Committee approved progression of the Corporate Objectives.

**11 Date and Time of Next Meeting**

 Tuesday 6 September 2022 at 10:00 – 12:30