# **Approved Minutes**

**Extraordinary Finance and Performance Committee (Private)**

**16 March 2023**

**MS Teams Meeting**

**Members**

Stephen McAllister Non-Executive Director (Chair)

Linda Semple Non-Executive Director

Jane Christie-Flight Employee Director

Callum Blackburn Non-Executive Director

**Core Attendees**

Gareth Adkins Director of Strategy, Planning and Performance

Gordon James Chief Executive

Michael Breen Director of Finance

**In attendance**

Steven Wallace Non-Executive Director

Anne Marie Cavanagh Director of Nursing and AHPs

Graham Stewart Deputy Finance Director

Katie Bryant Head of Clinical Governance

Nicki Hamer Head of Corporate Governance and Board Secretary

**Apologies**

Carolynne O’Connor Deputy Chief Executive and Director of Operations

Karen Kelly Non-Executive Director

Rob Moore Non-Executive Director

Susan Douglas-Scott CBE Board Chair

**Minutes**

Christine Nelson Deputy Head of Corporate Governance

1. **Chair’s Introductory Remarks**

Stephen McAllister opened the meeting, welcomed everyone, and explained that the purpose of the meeting was to consider the final Draft Financial Three Year Plan for 2023/24 to 2025/26.

**2 Apologies**

The apologies were noted as above.

**3 Declarations of Interest**

Previous standing declarations of interest were noted.

**4 Draft Financial Three Year Plan 2023/24 -2025/26**

 Michael Breen thanked everyone for attending the extraordinary meeting, highlighting that the latest draft plan had been circulated to the Committee and an additional £200k of savings had been identified since the previous draft discussed at the last Committee meeting on 7 March 2023.

Michael Breen presented an overview of the plan, which included the following:

* Version 2 of the plan was required to be submitted to Scottish Government (SG) on 16 March 2023 with the Annual Delivery Plan (ADP) required in July 2023.
* There was significant volatility over the planning period due to SG funding levels, pay awards, estimated inflation levels and NHS Golden Jubilee (GJ) expansion phases 1 and 2.
* A breakdown of income and expenditure for the period including an analysis of core and non-core was provided.
* Further in-depth detail was provided on the components of income and expenditure.
* There was a current deficit in 2023/24 of c. £(6.667)m including the GJ Conference Hotel (GJCH), which had a deficit of £731k within that total
* A breakeven position was included for Centre for Sustainable Delivery (CfSD), NHS Scotland Academy (NHSSA) and the Radiographers Reporting Service.
* A breakdown of key development for 2023/24 included increased Transcatheter Aortic Value Implantation (TAVI) activity, investment in the corporate service function of GJCH, investment in additional medical staff and the introduction of two new digital systems E-rostering and HEPMA.
* Inflation pressures applied resulted in £3.334m of additional budget allocations across a number of areas.
* Expenditure pressures funded included a significant increase in Cath Lab supplies and further funding for labs and drugs costs.
* The Committee would receive reports on the Financial Plan, including Activity Plan targets, the in-year budget savings strategy and the ‘Value’ works programme at the meeting scheduled for 11 May 2023.

 Michael Breen invited the Committee to discuss, consider and approve the draft Financial Plan and approach, as outlined in the paper. In addition, if content, approve the submission of the Financial Plan to SG in line with their timeline.

Given the Terms of Reference the Committee were asked to recommend the Financial Plan to the Board at the meeting planned for 30 March 2023 and agree to receive an update at the next Committee meeting on 11 May 2023.

Stephen McAllister thanked Michael Breen and the Finance Team for their hard work in producing the Financial Plan and invited the Committee to discuss and/or comment on the Plan.

Linda Semple commented about the need to deliver on programmes to deliver cash releasing efficiencies and consideration should be given to areas such as Service Level Agreements (SLA’s). Linda Semple added that it would also be important for the Committee to closely monitor areas such as Procurement over the next few years.

Morag Brown also highlighted the need to review SLA’s to ensure appropriate levels of income and expenditure including considerations around productivity and staffing models. In addition, Morag Brown stated that a ‘value’ programme update at each FPC meeting would be beneficial.

Steven Wallace agreed with both Linda Semple’s and Morag Brown’s points and commented that it was surprising to learn of the disconnect between SG submission dates for the Financial Plan and the ADP. In addition, Steven Wallace asked if the loss reported for GJCH was real or was there an allocation from the hospital to the hotel. Michael Breen responded that it was a real loss based on income against expenditure noting that GJCH provided real value to the organisation, adding that it would be worth speaking with SG this year around possible financial support.

Michael Breen also noted that a strategy for GJCH was currently being developed and the difficulty in balancing pay costs as GJCH staff were paid on Agenda for Change rates which differed significantly from commercial pay rates in the industry.

Steven Wallace stated the inflation impact detail provided was helpful and asked what the assumptions for future years were. Michael Breen responded that they were based on SG planning assumptions over the 3 years of the plan. However, for 2022/23, additional amounts added for inflationary pressures were based on a balance between funding available and current in-year budgets and trends. Michael Breen acknowledged this was a risk and as such would be monitored.

Callum Blackburn asked why the total non-core income on page 7, table 2 of the report was detailed as £9.3m, then £24m the following year and then returned to £9.3m. Michael Breen explained that this related to an estimated for impairment in 2024/25 based on the valuation of the Phase 2 building. Impairment would be a one off charge and more of an accountancy entry as opposed to actual income and expenditure although Scottish Government budget coverage would be required.

Callum Blackburn asked if IT investment should be included in development costs. Michael Breen explained that the E-Rostering and HEPMA systems were prioritised, but that other IT routine improvements were built into core budgets. Michael Breen noted that the overall budget for digital transformation required to be reassessed and that a digital road map was currently being developed.

Gareth Adkins referred to the productivity area discussed, gave assurance that this would be a focus within the ADP and that individual Divisions would be tasked with identifying savings around procurement. In relation to transformation programmes, Gareth Adkins commented that Phase 1 was designed in a particular way to maximise benefits and that there had been a lot of work around the design of Phase 2. Gareth Adkins added that it was important to spend time communicating and scoping transformation over the next few years, along with identifying other transformation programmes and what was needed to progress those.

Gordon James thanked Michael Breen and the Finance Team for their hard work and commented that the report was very clear.

Steven Wallace commented on the challenging savings target but NHS GJ proposed a breakeven position and asked if other NHS Boards in Scotland were experiencing bigger challenges. Gordon James responded it was expected that most territorial boards would not reach a breakeven position for 2023/24.

The Committee approved the Draft Financial Plan for 2023/24 to 2025/26, recommended that it was presented to the Board on 30 March 2023, that it was submitted to SG in line with their timeline. The Committee also noted that a paper would be presented to the Committee at their next meeting.

**5 Any Other Competent Business**

There was no further business raised.

**6 Date and Time of Next Meeting**

 Thursday 11 May 2023, 10:00-12:00, MS Teams