

FINANCE AND RESOURCES COMMITTEE

Minutes of the meeting of the Finance and Resources Committee held at 9.30 on Wednesday 7 June 2023 via Microsoft Teams.

Present: Mr A. McCann, Non-Executive Board Member (Chair); Ms S. Akhtar, Non-Executive Board Member; Mr P. Allenby, Non-Executive Board Member; Mr A. Fleming, Non-Executive Board Member; Mr G. Gordon, Non-Executive Board Member; Mr B. McQueen, Non-Executive Board Member.

In attendance: Ms M. Campbell, Director of Estates and Facilities; Ms D. Carmichael, Special Projects and Assurance Associate Director; Mr J. Crombie, Deputy Chief Executive; Ms T. Gillies, Medical Director; Mr I. Graham, Director of Capital Planning and Projects; Mr C. Kerr, Programme Director (item 3.2); Ms J. Long, Director of Primary Care; Mr C. Marriott, Director of Finance; Mr S. McBurney, Associate Director of Pharmacy (item 4.3); Mr A. McCreddie, Deputy Director of Finance; Mr D. Mill, Senior Project Manager, Facilities; Ms B. Pillath, Committee Administrator (minutes); Ms L. Seville, Programme Lead (item 4.4); Mr D. Thompson, Board Secretary.

Apologies: Mr C. Campbell, Chief Executive; Ms M. Carr, Chief Officer, Acute Services; Dr J. Hopton, Programme Director, Facilities; Ms A. MacDonald, Executive Nurse Director.

Chair's Welcome

The Chair welcomed members to the meeting.

Members were reminded that they should declare any financial or non-financial interests they had in the items of business for consideration, identifying the relevant agenda item and the nature of their interest. No interests were declared.

1. Minutes and Actions from Previous Meeting (20 March 2023)

- 1.1 Members accepted the minutes from the meeting held on 20 March 2023 as a correct record.
- 1.2 The updated cumulative action note had been previously circulated. Updates discussed would be included in the action plan circulated before the next meeting.

2. Committee Business

2.1 Finance and Resources Committee Annual Report

- 2.1.1 Mr Thompson presented the previously circulated draft annual report which had been updated following the feedback on the draft presented at the previous meeting. A couple of additions were suggested which were made during the meeting and the revised draft was recirculated and approved for submission to the Audit and Risk Committee on 19 June 2023.

2.1.2 The results of the members' survey on committee effectiveness showed that members would welcome more development opportunities. It was proposed that hour length sessions could be held between meetings on particular topics according to need. Suggestions for topics could be made to the chair.

2.1.3 Members accepted the recommendations laid out in the paper.

3. Capital

3.1 Property and Asset Management Investment Programme

3.1.1 Mr Graham presented the previously circulated paper, and Ms Carmichael was also in attendance. Ms Carmichael advised that the 'green' status on the Laboratory Information Management System (LIMS) project referred to the Lothian position, although the project was not currently progressing as a national programme was awaited. She agreed to check the expected completion date for this and update in the next report. **IG**

NHS Scotland Assure

3.1.2 The NHS Scotland Assure Memorandum of agreement had been circulated. This document fell short of a formal Service Level Agreement which was still expected. It was noted that Assure would only provide assurance on certain technical areas and not the overall capital programme.

3.1.3 Mr Graham agreed to bring back a further update specifically on NHS Scotland Assure and the Assurance Framework for capital projects which was in use in Lothian. **IG**

3.1.4 Overall assurance on the capital programme was provided by the project teams; reviews were carried out on all projects with lessons learned informing other projects, and there was dialogue with the other health boards to share ideas and problems. Scottish Government assurance processes were in place for architecture design and planning, some of which were part of NHS Scotland Assure. There was also core technical guidance and technical notes. This would be detailed in the report to this meeting for information.

3.1.5 NHS Lothian's obligation to engage with NHS Scotland Assure was based on a director's letter. If NHS Scotland did not support a project at the Key Stage Review Process then capital funding would not be released by the Scottish Government.

3.1.6 Mr Graham and Mr Marriott advised that although the Assure process was causing delays, they had raised some useful issues so far. It was felt that the process remained at a bedding in stage and any issues highlighted through the programme boards were addressed individually with the Assure team to try to drive the process in a direction that would work for health boards.

3.1.7 The risk for programme delivery of the delays to projects caused by the NHS Scotland Assure process would be discussed when the next update was received. Any delays were recorded within each programme with the associated cost.

Post project reviews

- 3.1.8 It was noted that post project reviews were carried out for all projects and would come to the Finance and Resources Committee where projects were above a certain value. It was agreed that a summary of themes and key learning points from the reviews would be developed and would be part of the project tracker in future.
- 3.1.9 Problems reported with current projects were noted. Mr Graham advised that these were being reviewed as part of the governance process for each project. Some design problems had been due to changes in guidance. Project resource problems were especially due to moving resources between projects. Skill mix in the team would be reviewed at the next recruitment opportunity.
- 3.1.10 Members accepted the recommendations laid out in the paper and accepted significant assurance on the delivery of the programme.
- 3.2 Primary Care Premises Programme Initial Agreement
- 3.2.1 The chair welcomed Ms Long to the meeting and she presented the previously circulated paper. Mr Kerr was also in attendance. The urgency of GP and primary care provision in response to the growing population in Edinburgh and the Lothians in the past few decades was noted.
- 3.2.2 The Scottish Government had requested this strategic initial agreement which covered a number of projects in each of the Health and Social Care Partnerships. Ms Long would check whether subsequent individual initial agreements would be needed for each project.
- 3.2.3 It was noted that as part of the national planning framework it should be possible to get to the position where new houses were not being built without planned infrastructure to support them.
- 3.2.4 Shared use of buildings was a strategy which had been made use of in all four areas, whereby health centres could share premises with other new council funded buildings such as leisure centres and schools. Ms Akhtar suggested that the initial agreement better demonstrate the benefits already seen in using approach.
- 3.2.5 The projects were categorised in order of priority based on urgency, but Ms Long advised that if an opportunity arose for funding or shared premises with council partners then the order could be flexible. Any such decisions would be discussed at the Programme Board.
- 3.2.6 It was noted that some of the papers referring to the projects were from 2021 and that the position may have already changed. Ms Long advised that these were the papers that had been approved at the Integration Joint Boards, but that the project teams had up to date working documents. Work would be done to ensure the up to date documents were included as part of the submission to the Scottish Government.
- 3.2.7 Members accepted the recommendations laid out in the paper and agreed to submission of the document to the Scottish Government Capital Investment Group.

3.3 Community Empowerment Act

3.3.1 Mr Marriott presented the previously circulated paper. There had been no applications under the Act during the year of reporting. Mr Marriott advised that information about the rights of members of the public under the scheme were available on NHS Lothian's website in compliance with government guidance.

3.3.2 Members accepted the recommendations laid out in the paper and accepted significant assurance.

4. **Revenue**

4.1 Financial Position 2022/23

4.1.1 Mr McCreadie presented the previously circulated paper. Members commended the hard work across the team in achieving breakeven for the year 2022/23 despite significant challenges across the organisation. It was noted that around five boards required brokerage to achieve financial balance; a number of these boards had also required brokerage in pre covid years.

4.1.2 The current deficit remained in excess of what it had been in previous years and there was ongoing discussion on recovery actions and efficiency schemes including with the Integration Joint Boards.

4.1.3 Members accepted the recommendations laid out in the paper.

4.2 NRAC Funding Parity

4.2.1 Mr Marriott presented the previously circulated paper. He continued to highlight to the Scottish Government the deficit in NRAC funding in NHS Lothian compared to population growth and the historic and current underinvestment resulting in potential inability to provide services to the population. The two council areas with the fastest growing populations in Scotland were East Lothian and Midlothian. It was hoped that there could be a change in the Scottish Government position on this due to underfunding resulting in poor performance due to lack of capacity.

4.2.2 It was suggested that compensation for lack of NRAC funding could be made from the Scottish Government by increasing capital funding, but there was no evidence that this had happened as funding had not yet been approved for three major capital projects.

4.2.3 A paper would be brought to the Committee in August on regional and local authority planning and work ongoing to get more engagement between health and planning departments in the Scottish Government to reduce instances of population growth without healthcare infrastructure to support it. **CM**

4.2.4 Members accepted the recommendations laid out in the paper.

4.3 Primary Care Prescribing

- 4.3.1 Mr McCreadie and Mr McBurney presented the previously circulated paper. NHS Lothian had a good record of cost efficient prescribing in comparison to the average across Scotland but a significant overspend was projected for the year 2023/24. The paper outlined work to reduce costs.
- 4.3.2 Variations in spend against funding as shown in appendix 1 were due to a number of factors including implementation of new drugs faster than other boards resulting in an earlier increase in spend, demographic differences and differences in patient treatment pathways between different boards.
- 4.3.3 With reference to the review of use of specific drugs it was noted that a decision not to prescribe could result in complaints from patients while not reducing spend due to the funding system which meant that payments to community pharmacy would be spread across other drugs dispensed.
- 4.3.4 A project to introduce direct purchasing for dressings through national procurement rather than through community pharmacies could reduce spend but the change in process for supply was complex.
- 4.3.5 There had been review of the implementation of pharmacists working in GP practices to oversee prescribing using data on serial prescribing and compliance with the formulary, and results show that this was having a positive effect.
- 4.3.6 The implementation of serial prescribing by GPs, which allowed savings to be made as community pharmacies could plan ahead, was being carried out using a quality improvement approach. Starting from a low base rate, some practices were now issuing 20% of their prescriptions through serial prescribing. This type of prescribing was not suitable for all interventions or patients.
- 4.3.7 It was agreed that a development session for the Committee on primary care prescribing would be organised with Mr McBurney. **AMcCa**
- 4.3.8 Members accepted the recommendations laid out in the paper.
- 4.4 Sustainability and Value – efficiency savings processes
- 4.4.1 A paper had been previously circulated and Mr McCreadie and Ms Seville gave a presentation. The intension was to demonstrate that every effort was being made to make efficiency savings in the face of a doubling of savings expectations for this year, which would be a significant challenge. Even if breakeven was not achieved, the Scottish Government required an efficiency saving of 3% to be demonstrated.
- 4.4.2 In response to a question about linking with the Centre for Sustainable Delivery to change practices rather than seeking to reduce costs within existing service models, Ms Seville advised that the Sustainability and Value team worked with the Centre for Sustainable Delivery at the assessing value stage of projects which could include service redesign. The sustainability toolkit was used for value improvement.
- 4.4.3 Recovery planning would consider overall pathways and may include service redesign, this was overseen by the strategic programmes and the scheduled and

unscheduled care boards. The Sustainability and Value team looked at reducing costs of components of the pathway.

- 4.4.4 The Integration Joint Boards and Councils had been asked to impact assess the proposed efficiency savings projects across the system to ensure there were no unintended effects on performance in other areas. This would be done yearly as part of the financial planning cycle.
- 4.4.5 Release of funds from long improvement cycles was monitored as part of each project, including direct impact on expenditure and triangulation with other datasets.
- 4.4.6 Members accepted the recommendations laid out in the paper.

5. Scottish Hospitals Inquiry

5.1 Scottish Hospitals Inquiry Update

- 5.1.1 Mr Marriott presented the previously circulated update. Members accepted the recommendations laid out in the paper and accepted significant assurance.

6. Sustainability

6.1 Climate Emergency and Sustainability

- 6.1.1 Mr Mill presented the previously circulated paper. The resource required for carrying out the sustainability programme was constantly changing as the requirements from the Scottish Government increased. Four new posts specifically for energy reduction had recently been recruited to. Resource was mainly through ring fenced Scottish Government funding for specific projects which must be applied for. Mr Crombie noted that the small team in place was bringing forward important projects which were having an impact, and that they would continue to highlight to the Scottish Government that more could be done with more resources.

- 6.1.2 Members accepted the recommendations laid out in the paper and accepted moderate assurance on the programme status report.

6.2 Environmental Management System Policy and Implementation

- 6.2.1 Mr Mill presented the previously circulated paper. He advised that there was discussion ongoing on whether to embed the Environmental Management System into existing sustainability systems or to use a separate management structure. There was collaboration with other Boards on this decision.

- 6.2.2 Members accepted the recommendations laid out in the paper.

7. Reflection on the Meeting

- 7.1 It was agreed that Mr McCann would highlight the following topics of discussion from the meeting at the next Board meeting in the Committee Chair's reports section of the agenda: update on the position with NHS Scotland Assure; update on the position

with NRAC parity and the need for action; the good work demonstrated by the Sustainability and Value team in planning for efficiency savings in the coming year.

8. Date of Next Meeting

- 8.1 The next meeting of the Finance and Resources Committee would take place at **9.30** on **Wednesday 9 August 2023**.

9. Further Meeting Dates in 2023

- 9.1 Further meetings would take place on the following dates:
- Wednesday 18 October 2023;
 - Wednesday 20 December 2023.