

FINANCE AND RESOURCES COMMITTEE

Minutes of the meeting of the Finance and Resources Committee held at 9.30 on Monday 20 March 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 G. Gordon, Non-Executive Board Member; Mr B. McQueen, Non-Executive Board Member.

In attendance: Ms J. Browning, Talent Management Programme (observing); Mr C. Campbell, Chief Executive; Ms J. Campbell, Chief Officer, Acute Services; Ms M. Campbell, Director of Estates and Facilities; Ms H. Charles, Talent Management Programme (observing); Ms T. Gillies, Medical Director; Mr I. Graham, Director of Capital Planning and Projects; Ms K. Hood, Talent Management Programme (observing); Dr J. Hopton, Programme Director, Facilities; Ms D. Marklow, Talent Management Programme (observing); Mr C. Marriott, Director of Finance; Mr A. McCreddie, Deputy Director of Finance; Mr G. McGuire, Talent Management Programme (observing); Ms Caoimhe McIntyre, Talent Management Programme (observing); Mr D. Mill, Senior Project Manager, Facilities; Ms B. Pillath, Committee Administrator (minutes); Ms M. Reid, Talent Management Programme (observing).

Apologies: Ms M. Carr, Services Director, DATCC; Mr J. Crombie, Deputy Chief Executive; Mr A. Fleming, Non-Executive Board Member; 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.

49. Minutes and Actions from Previous Meeting (7 February 2023)

- 49.1 Members accepted the minutes from the meeting held on 7 February 2023 as a correct record.
- 49.2 The updated cumulative action note had been previously circulated. Updates discussed would be included in the action plan circulated before the next meeting.

50. Committee Business

- 50.1 Finance and Resources Committee Annual Report – draft for approval
 - 50.1.1 Mr Marriott presented the previously circulated paper. Members were asked to comment on the draft report. The final report would be submitted to the next meeting on 7 June 2023 before being submitted to the Board.

- 50.1.2 It was suggested that a comment on the ability to meet the financial plan should be added in the second section of the report. Mr McCann would email this change to Mr Marriott.
- 50.1.3 The Asset Transfer and Community Empowerment Act report had not yet been considered in the period covered by the annual report, but these would be included on the agenda for the next meeting on 7 June 2023. **CM**
- 50.1.4 It was noted that the annual report shows that the Committee accepted limited assurance on delivery of financial targets, but that the minutes from the meeting in February 2023 reported that significant assurance on reaching financial balance had been accepted. This was because the risks throughout the year had meant there had been limited assurance until the final quarter.

51. Capital

51.1 Property and Asset Management Investment Programme

- 51.1.1 Mr Graham presented the previously circulated paper. Mr Marriott advised that the initial part of the prioritisation process had been completed and that proposal would be considered at the Strategy, Planning and Performance Committee. This would be reviewed each six months as a rolling programme. Following the discussion at the Strategy, Planning and Performance Committee this would be discussed with the Scottish Government who were already aware of the process.
- 51.1.2 Regarding the catering strategy, work was ongoing and recommendations would be brought to the governance committees in due course.
- 51.1.3 Regarding the National Treatment Centre, the action plan was being worked through with the Lothian Capital Investment Group and further details would be included in the next update including clarity on the Scottish Government funding. Preliminary works continued in the meantime. The aim was to submit a full report offering an assurance level to the Finance and Resources Committee on 9 August 2023. **IG**
- 51.1.4 It was agreed that the importance of delivering the National Treatment Centre for Lothian and the East Region would be discussed with the Scottish Government. **CC**
- 51.1.5 Mr Graham advised that the Scottish Government encouraged greater engagement between health boards and local authorities on planning programmes. This depended on each local authority and NHS Lothian's ability to fit in with their separate planning processes. It was NHS Lothian's aim to increase engagement as much as possible.
- 51.1.6 It was noted that the Eye Pavilion had not been prioritised as one of the top three priorities, but this needed to be aligned with Scottish Government priorities while making the prioritisation process used clear.
- 51.1.7 Mr Graham advised that work was progressing on the anti-ligature works at the Orchard Clinic. A business case was in progress for the wider anti-ligature programme. This would go to the Lothian Capital Investment Group with the programme for the works.

- 51.1.8 The modular unit at the Royal Infirmary Emergency Department included a theatre and 6 bays. The proposal was to alter the unit to remove the theatre and add in 6 further bays. A feasibility review was in progress over the next two weeks regarding costs.
- 51.1.9 Members accepted the recommendations laid out in the paper.
- 51.2 Track and Traceability of Reusable Medical Devices Status Report
- 51.2.1 Dr Hopton presented the previously circulated paper. In response to a question about opportunities for standardisation across Scotland to improve outcomes and reduce work, Mr Campbell advised that collaboration was possible through National Procurement but at the moment purchases were decided individually by each health board. Some national or regional pilots were underway including the scan for safety pilot.
- 51.2.2 Ms Gillies advised that the present report was about processing of devices, rather than standardisation of type of kit used. Standardisation of the process nationally may not always work as in boards with a high volume usage reusable instruments were more economical whereas in lower volume areas disposable instruments were more economical.
- 51.2.3 Dr Hopton noted that the new system should be useful to staff and help them in their role. There were also opportunities for sustainability work in theatres as part of the 'Green Theatres' work due to start.
- 51.2.4 The Chair asked Dr Hopton to arrange a briefing on the project so far as a positive achievement separately to the Committee meeting, and suggested that this be held around June. **JH**
- 51.2.5 Members accepted the recommendations laid out in the paper.
- 51.3 Scottish Fire and Rescue Service Audit Action Plan Update
- 51.3.1 Ms M. Campbell presented the previously circulated paper. The key risks and the timescale of five years for decant of wards to complete the works was noted. Ms M. Campbell advised that the Scottish Fire and Rescue Service had not commented on the timescale on the action plan. This could be sped up by finding two decant wards, but this was challenging. An L1 system was not a mandatory requirement, but a recommendation.
- 51.3.2 Ms J. Campbell advised that a meeting would be held soon to agree decant options including any capital spend and processes. The Scottish Fire and Rescue Service would be asked to approve any action plan before it was confirmed.
- 51.3.3 The option for dispute resolution with Consort regarding the disagreement about whether an L1 or L2 system was in place was noted, and Ms M. Campbell advised that this had been part of discussions.
- 51.3.4 It was agreed that there would be a brief update on progress on the agenda for the Strategy, Planning and Performance Committee to update Board members. **CC**

51.3.5 Members accepted the recommendations laid out in the paper.

52. Revenue

52.1 February 2023 Financial Position

52.1.1 Mr McCreadie presented the previously circulated paper. Members recognised the work done to achieve financial balance in difficult circumstances. Mr McCreadie advised that approximately 11 out of 14 Boards in Scotland were not expected to achieve financial balance by the end of the financial year. A number of these Boards were already in financial difficulty prior to 2020.

52.1.2 Mr McCreadie advised that there was an established process for use of Integration Joint Board reserved funding and the Board would work with each Integration Joint Board to agree the position at year end. In the past support had been provided to the Integration Joint Boards, or the reserves had been carried into the next financial year.

52.1.3 Mr McCreadie advised that health board reserves consisted of in year funds that had not been allocated in the financial plan. These would then be allocated throughout the year for unplanned expenses. If any savings were generated from lower than expected expenditure then these would join the reserves and be allocated elsewhere as required. This was monitored continuously.

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

52.2 NHS Lothian 5 Year Financial Outlook and Outline Plan 2023/24

52.2.1 Mr Marriott presented the previously circulated paper. In response to a question about identifying non core assets for funding non recurrent gaps, Mr Marriott advised that reducing the size of the estate was done throughout the year but for service need, not for the purpose of producing funding.

52.2.2 It was noted that Integration Joint Boards financial plans were brought to the Corporate Management Team so that any impacts on the system as a whole would be recognised.

52.2.3 Work was ongoing with the sustainability team to reduce energy demand by making the estate as efficient as possible, including by investment. Dr Hopton advised that this was one of the expectations of the national delivery programme for energy efficiency. Funding from the Scottish Government for carbon reduction had increased from £2 million in the previous year to £5 million in the next year and plans would focus on energy reduction.

52.2.4 It was agreed that a presentation from the Sustainability and Value Team on the process for efficiency savings including bench marking and Scottish Government policy and some specific projects would be given at a future meeting.

CM

- 52.2.5 Mr Marriott advised that 84% of Scotland's population growth in the next 10 years was expected to be in the Lothians. There were discussions with the Scottish Government about what this would mean for funding and capital projects.
- 52.2.6 In response to a question about discrepancies between budget and expenditure in certain areas, Mr Marriott advised that there would always be budget pressures as funding received did not cover expected expenditure. It was noted that expenditure profile was more meaningful for analysis than discrepancy between budget and expenditure.
- 52.2.7 Members accepted the recommendations laid out in the paper.
- 52.3 Review of Corporate Risk 3600 – Finance
- 52.6.1 Mr Marriott presented the previously circulated paper. Members accepted the recommendations laid out and accepted limited assurance.
- 52.4 Review of Corporate Risk 5388 – HSDU Capacity
- 52.4.1 Ms Campbell presented the previously circulated paper. The initial agreement for the proposed project had been submitted to the Scottish Government. The outline business case was in progress and would be submitted to the Lothian Capital Investment Group.
- 52.4.2 Mr Marriott advised that there were a number of business cases waiting for Scottish Government response but that they had accepted that the HSDU initial agreement be sent to them due to the fragility of the service. If capital funding was not available for this project then revenue improvements would be considered to mitigate risk.
- 52.4.3 Members accepted the recommendations laid out in the paper and accepted limited assurance.
- 53. Scottish Hospitals Inquiry**
- 53.1 Mr Marriott presented the previously circulated paper. The Central Legal Office would draft a provisional position statement which would focus on four areas: reference design; environmental matrix; two aspects of procurement. This statement would be published but further issues could still be raised.
- 53.2 Support was in place for those providing witness statements, including staff who had now left NHS Lothian including regular meetings with the Central Legal Office. The Inquiry was currently focusing on five key witnesses.
- 53.3 Members accepted the recommendations laid out in the paper and accepted significant assurance.

54. Sustainability

54.1 Climate Emergency and Sustainability

- 54.1.1 Dr Hopton presented the previously circulated paper. It was noted that a lot of good work had been done but that there was a lot more to do.
- 54.1.2 Some areas, including greenhouse gas emissions and waste, had reduced compliance in the latest response. Mr Mill advised that changes in the understanding of these areas had resulted in changes in the question set and in what was expected which meant that responses were not directly comparable over time, but there were no concerns currently.
- 54.1.3 It was noted that prioritising Scottish Government sustainability targets was key for sustainability of healthcare in the future but it meant that less money could be spent on reducing waiting times in the shorter term. Government sustainability targets were not funded. The challenge for the Board was to find a balance between targets, resources and priorities.
- 54.1.4 Dr Hopton advised that in many areas improving sustainability would have overall benefits including reduced costs and increase in patient safety. Better quality of prescribing would reduce waste and resources and improve quality of patient care as well as reducing costs. She would like to ask the Scottish Government to do some work focusing on what areas of sustainability improvements would also have cost and safety improvements.
- 54.1.5 Members accepted the recommendations laid out in the paper and accepted moderate assurance.

55. Reflections on the Meeting

- 55.1 No items from the discussion were highlighted for raising to the Board or other Board Committees.

56. Date of Next Meeting

- 56.1 The next meeting of the Finance and Resources Committee would take place at **9.30** on **Wednesday 7 June 2023**.

57. Further Meeting Dates in 2023

- 57.1 Further meetings would take place on the following dates:
- Wednesday 9 August 2023;
 - Wednesday 18 October 2023;
 - Wednesday 20 December 2023.