

FINANCE AND RESOURCES COMMITTEE

Minutes of the meeting of the Finance and Resources Committee held at 9.30 on Wednesday 20 April 2022 by videoconference.

Present: Mr A. McCann, Non Executive Board Member (chair); Mr P. Allenby, Non Executive Board Member; Councillor S. Akhtar, Non Executive Board Member; Mr A. Fleming, Non Executive Board Member; Ms S. Goldsmith, Director of Finance; Councillor G. Gordon, Non Executive Board Member; Mr B. McQueen, Non Executive Board Member.

In attendance: Mr N. Bradbury, Capital Finance Manager; Mr C. Campbell, Chief Executive; Ms J. Campbell, Chief Officer, Acute Services; Ms M. Campbell, Director of Estates and Facilities; Ms M. Carr, Service Director Diagnostics, Anaesthetics, Theatres and Critical Care (item 2.3); Mr J. Crombie, Deputy Chief Executive; Mr I. Graham, Director of Capital Planning and Projects; Mr M. Gray, Laboratory Service Manager (item 2.3); Dr J. Hopton, Programme Director; Mr C. Marriott, Deputy Director of Finance; Ms G. McAuley, Interim Executive Nurse Director; Mr D. Mill, Senior Project Manager (item 2.5); Ms B. Pillath, Committee Administrator (minutes).

Apologies: Ms T. Gillies, Medical Director.

Chair's Welcome

The Chair welcomed members to the meeting and welcomed two new members, Andrew Fleming and Philip Allenby.

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. Committee Business

1.1 Minutes and Actions from Previous Meetings (17 January 2022 and 21 March 2022)

1.1.1 Members accepted the minutes from the meeting held on 17 January 2022 as a correct record subject to one minor correction, and accepted the minutes from the meeting held on 21 March 2022 as a correct record.

1.1.2 The updated cumulative action note had been previously circulated. Updates discussed would be included in the action plan circulated before the next meeting.

1.2 Committee Annual Report

1.2.1 Mr Marriott presented the previously circulated paper. Some comments were made regarding wording of the report which Mr Marriott agreed to incorporate into the final report before submitting to the Audit and Risk Committee.

1.2.2 It was noted that under item 7 the wording from the Committee Terms of Reference had been used to state that the Committee oversaw management of property and

estate in line with Scottish Government requirements. It was agreed that at the next review of the Terms of Reference the suggestion of adding to the remit of the Committee the responsibility to ensure that the estate was managed effectively, sustainably and efficiently would be considered. **CM**

- 1.2.3 Members accepted the recommendations laid out in the paper and approved submission of the report to the Audit and Risk Committee subject to the amendments agreed.

1.3 Committee Effectiveness Members Survey

- 1.3.1 Mr McCann presented the previously circulated paper. It was noted that the Planning Performance and Development Committee was expected to inform the Finance and Resources Committee of any relevant national policies and strategies. Mr Campbell advised that there were a large number of recommendations, guidance and requirements from the Scottish Government and that he and the executive team reviewed these and decided which key strategy announcements required to be considered at the Board.

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

2. Capital

2.1 Property and Asset Management Investment Programme

- 2.1.1 Mr Graham presented the previously circulated paper. It was noted that that a breakeven position had been achieved, but more information was requested for the next update as to whether all planned works had been completed. **IG**

- 2.1.2 The programme boards and project managers were currently working on completing the key project dates on the tracker template.

- 2.1.3 Mr Graham advised that it had been estimated that the new NHS Scotland Assure governance assurance process had added approximately 15 weeks to the project time agreement. NHS Lothian's governance process also took 15 to 20 weeks but the two processes could not necessarily run simultaneously. The additional delay led to increased capital costs due to inflation of costs in the building industry. NHS Scotland Assure currently lacked full resource to carry out their work which may add to the time taken to complete the assurance process.

- 2.1.4 Mr Graham and Ms Campbell had met with Julie Critchley, head of NHS Scotland Assure. NHS Scotland Assure were planning engagement with Boards and were sending out invitations to online briefing sessions, and the suggestion of a session at the Finance and Resources Committee in the future was also made. It was agreed that this would be taken forward in the future following the initial briefings. **IG**

- 2.1.5 Mr Graham advised that the Primary Care Programme Board would consider and agree a recommended prioritisation of projects considering different criteria. This would result in initial agreements being presented through the usual Board governance structure for decision.

- 2.1.6 Councillor Akhtar noted that health infrastructure resource would not automatically align with local authority house building projects and that the need for this would increase costs for NHS Lothian. Mr Graham advised that the capital planning team was engaged with the Scottish Government health and planning departments to consider how resources for health infrastructure could be allocated at the same time as new housing, and was also engaged with local authority planning teams in each area. It was noted that health infrastructure resource inclusion in new housing was not statutory.
- 2.1.7 Mr Graham agreed to consider how to incorporate updates on progress on primary care projects into the project tracker. **IG**
- 2.1.8 Members accepted the recommendations laid out in the paper and accepted significant assurance on the delivery of the programme. Members also accepted assurance that a breakeven position had been achieved and awaited formal report confirming this.
- 2.2 Assurance and Quality in Capital Planning
- 2.2.1 Mr Graham presented the previously circulated paper. Members noted the comprehensive and thorough assurance checklist. Mr Graham agreed to consider the suggestion of including a tracker that showed whether long running projects were on schedule, how to show running costs, and the addition of a glossary of acronyms.
- 2.2.2 It was noted that no information had been added on the workforce model in the tracker. Mr Graham advised that workforce assurance was included as part of the business case and agreed to ensure this part of the tracker was updated. Ms Goldsmith advised that any workforce risks related to projects would be considered at the Staff Governance Committee.
- 2.2.3 Members accepted the recommendations laid out in the paper.
- 2.3 Laboratory Information Management System – Full Business Case
- 2.3.1 The chair welcomed Mr Gray to the meeting and he presented the previously circulated paper. It was noted that the revenue costs for running the new system were based on the current resource for running the current system.
- 2.3.2 Giving assurance on the consideration of the challenges of implementation of a joint system with other health boards, Mr Gray advised that all the Boards involved were keen to have a standardised national system and had agreed to be involved in the implementation team and making key decisions on the standard process. Currently all boards were using different systems with different coding.
- 2.3.3 It had been agreed that each health board would implement their own instance of the new system, and each instance would be linked together. This reduced security and system failure risks but meant that a robust governance mechanism was needed at implementation stage for approval of changes to local systems and ensure that the systems would continue to be standardised as a whole.

- 2.3.4 It was noted that there was a risk of higher costs when including the contractor at the discussion stage. Mr Bradbury advised that the specifications at the time of tender were comprehensive and the contract reflected this, including key milestones with costs attached. The CLO had also had input into the contract and all the Boards had agreed on this. This gave some assurance that the agreed costs would not be increased.
- 2.3.5 Mr Gray advised that the current laboratory system interacted with hundreds of different information systems in use in the Board and that it was part of the contract that the new system must also link with these systems.
- 2.3.6 Members accepted the recommendations laid out in the paper and approved the business case, noting the potential for this project to make a substantial improvement to the efficiency of the laboratory system across Scotland.
- 2.4 Hospital Sterilisation and Decontamination Unit (HSDU) – Risk Update
- 2.4.1 Ms Campbell presented the previously circulated paper. Mr McCann noted that there had been concerns about the sustainability of the HSDU for some time and that this had been raised with the chair of the Healthcare Governance Committee in May 2019. The concern was now recorded on the risk register and work was progressing.
- 2.4.2 Members accepted the recommendations laid out in the paper. A further update would be brought to the Committee at the meeting in October 2022. **JCr**
- 2.5 Phase 2 Western General Hospital Energy Infrastructure – Full Business Case
- 2.5.1 Dr Hopton and Mr Mill presented the previously circulated paper. It was noted that there had been a 9 month delay in getting to this stage in the process for this project and that an increase in cost had been identified. Mr Mill advised that the increase in cost may be partly attributed to the delay with the NHS Scotland Assure process, but that market pressures had also led to an increase.
- 2.5.2 Mr Bradbury advised that as this project was funded by the Scottish Government, the risk associated with the increase in cost remained with them, and there was no direct impact on NHS Lothian's capital spending elsewhere.
- 2.5.3 Dr Hopton advised that NHS Scotland Assure was a new body and that there was a need to build a relationship with them and streamline processes. In the case of this project the requirement to engage with them came in late and it was the first time their process had been used which caused difficulties as their model did not align with NHS Lothian's model. In time these difficulties could be worked through.
- 2.5.4 Mr Crombie advised that the Scottish Government had initially not expected the NHS Scotland Assure process to add any cost to projects. If evidence was coming through nationally that costs had increased due to the process this would be subject to review at NHS Scotland's Capital Investment Group and an agreement would be made, for instance more resources for NHS Scotland Assure to streamline its processes, or additional money budgeted into capital investment projects. Expected timescales and therefore costs would become clearer in the next year.

- 2.5.5 It was agreed that it was important for NHS Scotland Assure to have a discussion with this Committee so that there was a common understanding on processes, and agreed to follow this up with them. **CM**
- 2.5.6 Mr Mill advised that the project was not specifically aimed at reducing carbon use but in ensuring the infrastructure was adequate for the opening of the new Cancer Centre, however the works would improve efficiency which would be a step towards becoming carbon neutral in the future. The new system would continue to be based on a gas heating system. Some revenue impacts of improved efficiency were expected, but this was difficult to quantify because of the complexity of the system and the limits of data collected.
- 2.5.7 Mr Graham noted that confirmation had been received from the Scottish Government on funding for the next phase of the project.
- 2.5.8 In response to a question on the likelihood of achievement of the target cost, Mr Graham advised that the target cost was based on a percentage of market testing and that there were options in the contract and a risk fund to cover any variations. The aim was to get the target cost as close to the final cost as possible and there was a robust process for this.
- 2.5.9 Members accepted the recommendations laid out in the paper and approved the full business case.

3. Revenue

3.1 February 2021 YTD Financial Position

- 3.1.1 Mr Marriott presented the previously circulated paper. He advised that work was ongoing with the Scottish Government on when and how to shut down covid services such as test and protect and the vaccination programme, and how to reallocate resources and the workforce engaged for these services was not recurring contracts. Guidance on when these services would be shut down was awaited.
- 3.1.2 Mr McQueen advised that a report was expected at the Staff Governance Committee on 21 June on the Scottish Government workforce plan and guidance on implementation of workforce policies, as well as an update on NHS Lothian's workforce plan.
- 3.1.3 Mr Marriott advised that the drugs overspend was due to increase in drugs costs and change in new drugs policies. The new drugs fund was the same each year and so did not cover increase in costs. There was engagement with the Scottish Government on this. It was possible that there had been some increase in costs due to increased waiting times for patients, but most of the high cost areas including cancer and palliative care had continued during the reduction of services due to covid and therefore were not experiencing the same level of backlog.
- 3.1.4 Members accepted the recommendations laid out in the paper and accepted significant assurance on the achievement of a breakeven position in 2021/22.

4. Scottish Hospitals Inquiry

4.1 Scottish Hospitals Inquiry Update

- 4.1.1 Ms Goldsmith presented the previously circulated paper. The next hearings would be held in May, and NHS Lothian employees would give witness statements. Witnesses were allowed to collaborate and there had been an informal meeting with the Inquiry team. The witness statements were currently being reviewed by the CLO and a summary would be available for circulation to the Committee before the hearings.

SG

- 4.1.2 All the witness statements would be made available before the hearings including those from the other witnesses – Scottish Government, Scottish Futures Trust and Mott Macdonald.
- 4.1.3 The Committee was committed to ensure that staff involved in the hearings would be supported. Ms Goldsmith advised that the CLO was providing support to witnesses and a workshop would take place prior to the hearing to help with preparation.
- 4.1.4 The cost to NHS Lothian of the Inquiry was significant and the amount of legal input required would be reviewed before the October 2022 hearings. There had not been agreement from the Scottish Government to fund the Inquiry for the previous year and there had been sufficient flexibility in the system to cover this. This would be revisited for future years.
- 4.1.5 There had been discussion at the Board regarding an independent arbiter to liaise between NHS Lothian's expert witnesses. Donald Inverarity, Infection Control Doctor, and Lindsay Guthrie, Head of Infection Control had been prepared for this but this would depend on whether they could be accommodated by the Inquiry.

5. Sustainability

5.1 Update on Sustainability

- 5.1.1 Dr Hopton presented the previously circulated paper. She advised that of the 12 new posts she had identified for the team, NHS Lothian had agreed funding for 3 to date. 2 of these were currently being advertised and the job description for the third was under discussion. The Scottish Government was considering asking Boards to put aside a certain amount of resources for the sustainability programme, and was also considering a national funding allocation for more support.
- 5.1.2 There was concern that significant work was required to comply with the Scottish Government's Climate Change Strategy but that sufficient resources were not being provided to carry this out. Dr Hopton advised that the funding provided to the team by NHS Lothian would help progress work but may not be enough to achieve the strategy and that she would like to see more funding allocation from the Scottish Government. Mr Marriott agreed to discuss the strategy resource discrepancy with Scottish Government colleagues.
- 5.1.3 It was noted that the active travel work was intended to cover sustainable travel options for both staff and patients. This included reducing patient travel by using Near Me consultations. Technology for analysing travel options was improving with the

potential to advise patients and staff of different travel options and inform clinic times and shift patterns. Members suggested that some metrics on active travel behavioural change would be useful for analysing impact.

- 5.1.4 Mr Mill advised that the most effective areas for investment in sustainability were likely to be theatres, including their use of anaesthetic gasses, single use products, energy use and waste produced. Pharmaceuticals was another area where there was likely to be a level of waste, but where there was not much data available at this stage.
- 5.1.5 Members accepted the recommendations laid out in the paper and commended the important work being carried out.

6. Reflections on the meeting

- 6.1 Mr McCann agreed to highlight at the next Board meeting the assurance received that NHS Lothian was well prepared for the Scottish Hospitals Inquiry hearings in May 2022, and the assurance received on mitigation of the HSDU risk.
- 6.2 This was the last meeting for Councillor Akhtar before the forthcoming council elections. Members thanked her for her contribution to the Committee.
- 6.3 This was the last meeting for Ms Goldsmith before her retirement; the chair thanked her on behalf of the Committee for her huge amount of work, commitment and expertise she had shown during her time as Finance Director. Ms Goldsmith thanked the Committee for being an effective and open forum for debate and support.

7. Date of Next Meeting

- 7.1 The next meeting of the Finance and Resources Committee would take place at **14.00 on Tuesday 31 May 2022.**

8. Meeting Dates in 2022

- 8.1 Further meetings in 2022 would take place on the following dates:
 - 31 May 2022 (Tuesday), 14.00;
 - 17 August 2022, 9.30;
 - 19 October 2022, 9.30;
 - 21 December 2022, 9.30.