

FINANCE AND RESOURCES COMMITTEE

Minutes of the meeting of the Finance and Resources Committee held at 9.30 on Wednesday 21 December 2022 by videoconference.

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: Mr R. Aitken, Associate Director of Operations, Facilities (items 33.4 and 33.6); Mr B. Barron, PPP Programme Director (items 33.5 and 33.7); Mr S. Brown, Assistant Director, NHS Assure (item 33.1); Mr C. Campbell, Chief Executive; Ms J. Campbell, Chief Officer, Acute Services; Ms D. Carmichael, Special Projects and Assurance Associate Director (observing); Mr I. Graham, Director of Capital Planning and Projects; Ms S. Gossner, Talent Management and Succession Programme (observing); Mr M. Higgins, Talent Management and Succession Programme (observing); Dr J. Hopton, Programme Director; Mr D. Low, Talent Management and Succession Programme (observing); Mr C. Marriott, Director of Finance; Mr A. McCreadie, Deputy Director of Finance; Mr G. McGrandles, Head of Fire Safety (item 33.6); Ms R. Miller, Strategic Programme Manager (item 33.3); Ms B. Pillath, Committee Administrator (minutes); Mr A. Ritchie, Talent Management and Succession Programme (observing); Ms C. Swift, Talent Management and Succession Programme (observing); Mr D. Thompson, Board Secretary.

Apologies: Mr J. Crombie, Deputy Chief Executive; Ms T. Gillies, Medical 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.

32. Minutes and Actions from Previous Meeting (26 October 2022)

- 32.1 Members accepted the minutes from the meeting held on 26 October 2022 as a correct record.
- 32.2 The updated cumulative action note had been previously circulated. Updates discussed would be included in the action plan circulated before the next meeting.

33. Committee Business

33.1 NHS Assure – Stuart Brown, Assistant Director, Property and Capital Planning

- 33.1.1 The Chair welcomed Mr Brown to the meeting and he gave a presentation. Mr McCann suggested that guidance documents on the NHS Assure process with a checklist of what was required for Boards and Finance Committees would be useful.

Mr Brown advised that one hour training sessions with NHS Education Scotland were being arranged for executive and non executive Board members, project managers and project teams, and that individual sessions for Boards could also be arranged if requested. Guidance documents would also be considered in the next year.

- 33.1.2 Mr Brown advised that one of the priorities of NHS Assure was to raise awareness on best practice. For instance there was a digital estate programme investigating how a digital strategy could support buildings programmes. There was a focus on improving quality as well as reducing risk, and a quality improvement group was being formed.
- 33.1.3 In response to a question about timescales for the NHS Assure process and whether this would cause delays and therefore increase costs for Boards, Mr Brown advised that the full process would typically take approximately three months and that it should be possible to programme this in so that it was simultaneous to other activities and would not add any time into the programme overall and would have the potential to reduce costs by making improvements.
- 33.1.4 All projects which meet the criteria for being submitted to the Scottish Government Capital Investment Group should also go through the NHS Assure process at the outline business case stage with the design assessment having been completed at the initial agreement stage.
- 33.1.5 In response to a question about whether the NHS Assure process provided expert assurance on a project to the Board or to the Scottish Government that the design would meet current standards, Mr Brown advised that the responsibility for the technical specifications of the design as well as the decision making and governance process remained with the Board and that the Board would provide assurance to NHS Assure on these areas.
- 33.1.6 Members noted that in previous projects the NHS Assure process had caused a delay in the programme and hoped that this might be improved in the future. It was noted that the NHS Assure process must fit in with other assurance requirements so that there was no duplication and it was clear what needed to be completed when.
- 33.1.7 In response to a question about NHS Assure's role in sharing learning between Boards, Mr Brown advised that Boards could request any of the assurance reports completed from other Boards, but that he would discuss further with colleagues the suggestion of more proactive sharing.
- 33.1.8 The aim for a successful NHS Assure process was for reviews to be required less often and for resources to be used in different ways to improve processes and outcomes.
- 33.1.9 It was noted that the Infection Prevention and Control work being done by NHS Assure was resulting in recruitment of workforce from NHS Boards and there was no training pool for expertise in this area. It was suggested that working together would be a more sustainable option.
- 33.1.10 It was a recommendation in the KPMG audit of NHS Assure that a service level agreement should be put in place between Boards and NHS Assure so that processes were clear; Mr Brown advised that this should be in place in 2023.

33.2 Property and Asset Management Investment Programme

- 33.2.1 Mr Graham presented the previously circulated paper and highlighted workforce pressures with some of the project management teams.
- 33.2.2 Following the discussion with NHS Assure at item 33.1 about timescales for the process, Mr Graham advised that if NHS Assure found something that needed to be changed then the delay would be with the Board. He noted that NHS Assure were experiencing resource problems and were currently outsourcing some reviews to consultants which were often also employed by Boards which meant they had limited time.
- 33.2.3 In response to a question about the project prioritisation process which was being led by the Director of Strategic Planning, Mr Marriott advised that he would like the non executive Board members to be involved in the process and would discuss this further. Mr McCann requested further clarity on the criteria and process for prioritisation. **CM**
- 33.2.4 It was noted that £13 million had been budgeted for the backlog maintenance programme but that only £1 million had been spent. Mr Graham advised that the review process at the start of the year had delayed the programme which may mean higher costs the following year, but with the advantage that the exact work required had been identified which should leave to savings.
- 33.2.5 It was noted that there were currently no primary care projects under construction with three projects currently with the Scottish Government before they could progress. An initial agreement was also being prepared for primary care transformation which would include the priorities of all the Health and Social Care Partnerships for the next 5-10 years. The priority was new developments driven by population growth.
- 33.2.6 Members accepted the recommendations laid out in the paper and accepted moderate assurance.

33.3 Additional Angiosuite – Initial Agreement

- 33.3.1 The chair welcomed Ms Miller to the meeting and she presented the previously circulated paper. It was noted that the projected number of patients for the new suite was 250 per year, which meant it would be in use for less than one patient per day. Ms Miller advised that the unit could also be used for other purposes and that that staffing would be by extension of staffing from other teams who would be available to attend to emergencies – this model was in place in other teams.
- 33.3.2 Research showed that earlier intervention had a significant long term impact in reducing disability and therefore the NHS and social care input in the future. Members asked that this cost benefit analysis be shown in the business case.
- 33.3.3 In response to whether the Scottish Government would fund the move to a 24/7 service and whether recruitment would be required, Ms Miller advised that the current service was 12 hours per day 6 days per week and that a 24/7 service could not be

provided on the current business model. More staff would be recruited but on an on-site on-call basis rather than exclusively for this service. There were national discussions on the possibility of a shared out of hours service provided at a single site which would lower costs but this was not yet agreed.

33.3.4 Ms Miller advised that the project team was working with IHSL on the design and that they had commissioned an architect to carry out feasibility study workshops with clinicians and engineering consultants; the design information was already available at this stage.

33.3.5 Ms Miller advised that the cost of the enabling works for the project including displacement of other areas in the department was included in the Scottish Government funding. This included day assessment and services provided in ward 130 and was all included in the capital cost given. The cost of any additional stroke physicians was being confirmed before inclusion in the submission to the Scottish Government Capital Investment Group.

33.3.6 Members accepted the recommendations laid out in the paper and approved the initial agreement for submission to the Scottish Government Capital Investment Group.

33.4 Hospital Sterilisation and Decontamination Unit (HSDU) Capacity Risk

33.4.1 Mr Aitken presented the previously circulated paper. He noted that there were a number of issues with the current unit and there was a risk of service failure with no robust back up plan in place. The position was similar in all Scottish Boards, particularly larger Boards where there was not enough capacity elsewhere in the case of failure.

33.4.2 Members were supportive of the work already done in purchasing a new washer disinfector unit and working to put in place service level agreements with providers including other Boards and private providers to maximise the contingency capacity. Mr Aitken advised that the best system would be a retainer arrangement with a private provider which would take some activity but be available for additional capacity when required. There were two suppliers in Scotland, both based in Glasgow. A national group was investigating a retainer arrangement for Scotland which would also consider suppliers in the north of England.

33.4.3 Members accepted the recommendations laid out in the paper and accepted limited assurance.

33.5 Hospital Sterilisation and Decontamination Unit (HSDU) Temporary Closure and Recovery – cost impact

33.5.1 The chair welcomed Mr Barron to the meeting and he presented the previously circulated paper. The cost recovery was being pursued via Consort's insurance due to lack of adequate maintenance over time.

33.5.2 Members accepted the recommendations laid out in the paper.

33.6 Royal Infirmary of Edinburgh Facilities Risk (5189) Fire Safety Risk

- 33.6.1 Mr Aitken presented the previously circulated paper. The Fire Service had advised that the fire alarm system at the Royal Infirmary of Edinburgh was not compliant with current standards. The team was going ahead with the replacement of the system as soon as possible and mitigation was in place. In addition to this, discussions with Consort were ongoing as to whether this should have been installed earlier according to their responsibilities under the contract. Mr Marriott advised that everything possible was being done to work with the contract and to mitigate the risks.
- 33.6.2 The Fire Service had also advised that the plan for adding decompartmentalisation was too long, but the installation would require decant of two wards which would be very difficult to achieve. A revised evacuation strategy may be required in the meantime.
- 33.6.3 Mr Campbell advised that this would also be discussed at the Planning, Performance and Development Committee and the evacuation strategy and time required to complete the works would be considered, with a further update on outcome of discussions to this Committee. **JCr**

33.7 Transfer of Car Parking at the Royal Infirmary

- 33.7.1 Mr Barron presented the previously circulated paper. It was agreed that the car parking transfer should be progressed as soon as possible once there had been Scottish Government sign off for funding. Mr Marriott advised that day to day operation on site continued cooperatively. He had been in contact with officers in the Scottish Government regarding funding.
- 33.7.2 Members accepted the recommendations laid out in the paper.

34. Revenue

34.1 Financial Position, month 7

- 34.1.1 Mr McCreadie presented the previously circulated paper. In response to a question, he advised that the figure for reserves included money that was available at the start of the year that was not included in the financial plan. This would be allocated throughout the year if required with any remaining moving into the next year. In addition, money allocated to specific projects but not used during the year moves into the next year. There were regular meetings to decide where funds would be allocated and what would move to the next year.
- 34.1.2 The efficiency programme would focus on high impact areas such as bank and agency staffing and drugs spend. Other areas where efficiencies had been restricted over the past few years would also be revisited in the next year including nursing and medical staffing, clinical supplies and estates. In terms of drugs spend the Primary Care Prescribing group had efficiency programmes in place and acute prescribing was managed by the Acute Prescribing group, but spend would increase as more expensive new drugs were approved for use by the Scottish Government.
- 34.1.3 Mr McCreadie advised that there was no specified date by which brokerage must be applied for if required, but monthly updates were provided to the Scottish

Government so that they were aware of the position. This Committee would be updated on the position at the next meeting. There was some flexibility before the year end.

34.1.4 The agenda for change pay was funded on the base line allocation – a 7% pay increase would not be affordable on the current arrangement but the Scottish Government had agreed to fully fund any increase. There was no agreement yet on the rate between the unions and the Scottish Government.

34.1.5 Members accepted the recommendations laid out in the paper and accepted limited assurance on the ability to achieve a breakeven position.

34.2 Financial Plan

34.2.1 Mr Marriott gave a presentation. In response to a question regarding the difficulties in achieving a balanced budget in the year ahead when a 6% saving was needed, Mr Marriott advised that it would be a challenge to reach 3% in efficiency savings and that further decisions would be required at a national level regarding service provision. Mr Marriott would meet with Richard McCallum at the Scottish Government and he would be aware of the position.

34.2.2 In response to a question on whether to continue to recruit to staff vacancies given the current position, Mr Marriott advised that the ability to recruit was limited due to shortage in qualified staff available but that the budget was based on the establishment position. Other staff savings would include temporary covid staff now moving into other vacancies, corporate staff and bank and agency costs. It would not be possible to stop recruiting to clinical positions as the services would be unsafe.

34.3 NRAC Update

34.3.1 Mr McCreddie presented the previously circulated paper. He advised that there had been a number of discussions with the Scottish Government about reaching NRAC parity with other Boards according to population, but that this was a difficult decision as it would mean reallocating funding from other Boards who were currently above NRAC parity, including Glasgow. NRAC took into account population and deprivation status when allocating funding but NHS Lothian historically had not received enough funding for its population growth according to the NRAC model.

34.3.2 Mr Campbell noted that there were 134 beds open currently that did not have funding for the next year, along with concerns about a lack of capacity to run current services and an estimate of £90 million needed to reach the 12 week waiting times target. The funding situation was unsustainable and a discussion was needed with the Scottish Government regarding infrastructure. It was agreed that Mr Campbell and Mr Connaghan would take this paper to the Scottish Government demonstrating what developments the Board had been unable to make in the past ten years due to NRAC disparity and the safety concerns. **CC**

34.3.3 Mr McQueen suggested that a less politically difficult option would be to focus on building a case for funding of specific projects which would improve infrastructure to deal with the disproportionate population growth in the area, with a focus on capital rather than revenue increases.

34.3.4 Members accepted the recommendations laid out in the paper.

35. Scottish Hospitals Inquiry

35.1 Scottish Hospitals Inquiry Update

35.1.1 Mr Marriott presented the previously circulated paper. A further update would be brought to the next meeting following the meeting with Counsel to agree NHS Lothian's statements for the next stage of hearings.

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

36. Sustainability

36.1 Update on Sustainability

36.1.1 Dr Hopton presented the previously circulated paper. Members congratulated those who had achieved the NHS Assure awards and acknowledged their important work.

36.1.2 Members accepted the recommendations laid out in the paper.

37. Reflections on the Meeting

37.1 The discussion on the NRAC paper would be highlighted in the Committee Chairs' reports section at the next Board meeting. **AMcC**

38. Date of Next Meeting

38.1 The next meeting of the Finance and Resources Committee would take place at **9.30 on Tuesday 7 February 2023.**

39. Further Meeting Dates in 2023

39.1 Further meetings would take place on the following dates:

- Monday 20 March 2023;
- Wednesday 7 June 2023;
- Wednesday 9 August 2023;
- Wednesday 18 October 2023;
- Wednesday 20 December 2023.