

FINANCE AND RESOURCES COMMITTEE

Minutes of the meeting of the Finance and Resources Committee held at 9.30 on Wednesday 27 March 2024 via Microsoft Teams.

Present: Mr A. McCann, Non-Executive Board Member (chair); Mr A. Fleming, Non-Executive Board Member; Mr G. Gordon, Non-Executive Board Member.

In attendance: Mr J. Blazeby, Non-Executive Board Member (observing); Ms M. Campbell, Director of Estates and Facilities; Ms D. Carmichael, Special Projects and Assurance Associate Director, Capital Planning; Mr A. Cogan, Non-Executive Board Member (observing); Mr J. Crombie, Deputy Chief Executive; Mr I. Graham, Director of Capital Planning and Projects; Mr J. Innes, Non-Executive Board Member (observing); Mr C. Marriott, Director of Finance; Mr A. McCreadie, Deputy Director of Finance; Ms A. Macdonald, Strategic Planning and Modernisation (item 43.3); Mr D. Mill, Senior Project Manager, Facilities; Ms B. Pillath, Committee Administrator (minutes); Mr D. Thompson, Board Secretary; Ms I. Tricker, Finance Manager (item 43.3).

Apologies: Cllr S. Akhtar, Non-Executive Board Member; Mr P. Allenby, Non-Executive Board Member; Mr C. Campbell, Chief Executive; Dr J. Hopton, Sustainability Programme Director, Facilities.

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.

42. Committee Business

42.1 Minutes and Actions from Previous Meeting (14 February 2024)

- 42.1.1 Members accepted the minutes from the meeting held on 14 February 2024 as a correct record.
- 41.1.2 The updated cumulative action note had been previously circulated. Updates discussed would be included in the action plan circulated before the next meeting.

42.2 Finance and Resources Committee Annual Report 2023/24

- 42.2.1 Mr Thompson presented the previously circulated draft committee annual report. Following comments on the draft, the final report would be submitted for approval at the next meeting.
- 42.2.2 It was agreed that the report should convey the impact of zero capital funding in the next year and the increasing difficulties in making further savings each year as well as the anticipated failure of assets including the HSDU and fire safety at the Royal

Infirmery of Edinburgh. It should also point out the difficulty in achieving transformational change to reduce revenue costs when there was no investment, and the reliance instead on managing cash flow or reducing services and performance.

42.2.3 Members accepted the recommendations laid out in the paper.

42.3 Finance and Resources Committee Terms of Reference

42.3.1 The Terms of Reference were included for reference in making comments on the annual report. The current version had been approved 15 months ago.

42.3.2 Mr Marriott agreed to consider the wording in the Terms of Reference in point 1 of the core functions of the committee, considering whether 'can deliver the Board's functions and services' should be changed to 'manage delivery of the Board's functions and services.'

CM / AF

43. Capital

43.1 Property and Asset Management Programme

43.1.1 Mr Graham presented the previously circulated paper. There was discussion about the decision to sell the Royal Victoria Hospital site rather than working with partners to develop the site. Mr Marriott advised that a number of areas had been considered for use of the building, including staff accommodation and energy storage facilities, but that parts of the estate were also being considered for sale to release one off savings within the year. If public sector sale was used, this would not mean sale at a lower price, the site would be valued and sold off market which would have the benefit of a quicker sale. The paper asked that the Committee approve that the site was no longer required and that the disposal process could begin.

43.1.2 It was agreed that although the business case tracker would not show much activity given the freeze in capital funding, it would be helpful if this continued to be part of reporting. A marker could be added to show the business cases which were not progressing.

43.1.3 Members accepted the recommendations laid out in the paper. They agreed that the disposal of the Royal Victoria Hospital site would be included in the Annual Development Plan would be signed off at the Board.

43.2 Assurance, Quality and Business Case Framework

43.2.1 Ms Carmichael presented the previously circulated paper. In response to a question about whether projects which would drive down revenue costs should be made more explicit, Ms Carmichael advised that the document focused on delivering projects within budget. If cost savings were part of the business case then achievement of this would be reported in the post project review.

43.2.2 Members accepted the recommendations laid out in the paper and accepted moderate assurance.

43.3 Rolling Programmes Prioritisation

- 43.3.1 The chair welcomed Ms Tricker and Ms Macdonald to the meeting and they presented the previously circulated paper. Mr Graham advised that the maintenance backlog programme included 5 year reviews across the estate, so that no more than 20% of the estate was unreviewed at any given time. A document showing progress with the review was available.
- 43.3.2 Mr Marriott advised that the decision had been made to spend money on the maintenance programme where needed and to keep a small contingency of £2 million to cover any unexpected problems. In the past any problems would be covered by Scottish Government funding, but they had made it clear that there would be no funding for small projects in the next year. There was no funding for any problems with the Infectious Diseases Unit, RAAC or HSDU, so if any problems occurred business continuity would apply with providing services elsewhere or stopping services.
- 43.3.3 Mr Crombie and Mr Marriott wanted to make it clear that the actions in place were the best possible, but a high level of risk remained in a number of areas, and this was highlighted in the Corporate Risk Register.
- 43.3.4 In some areas the maintenance survey had not been completed. Some of these were areas that were to be reprovided before the capital funding freeze. The sustainability rolling programme was a new agreement in the last year so it was still at the early stages and there may be additional funding available from other sources. Mr Mill noted that there was no project management support for this and more work was needed to bring information together.
- 43.3.5 Members accepted the recommendations laid out in the paper.

43.4 Hospital Sterilisation and Decontamination Unit (HSDU) Capacity Risk Update (5388)

- 43.4.1 Ms Campbell presented the previously circulated paper. She advised that the HSDU capacity and resilience risk across Scotland was being discussed with the national decontamination group and they would be taking a further paper to the Scottish Government on this later in the year. There had also been direct discussions with the Scottish Government. Capital teams were in place to proceed with the reprovision of the unit, but there was no funding from the Scottish Government.
- 43.4.2 Members accepted the recommendations laid out in the paper and accepted limited assurance. They noted their concern about the high level of risk in this area.

44. **Revenue**

44.1 Financial Position and Year End Forecast

- 44.1.1 Mr McCreadie presented the previously circulated paper. He noted that savings made as part of efficiency plans for 2023/24 were estimated at 70% recurring savings. In the 2023/24 the full 3% savings should be recurring. Data could be shared on where recurring savings were made.

- 44.1.2 It was noted that although NHS Lothian was now forecasting a breakeven position at the end of the year, 8 other Scottish boards were forecasting a deficit and would require brokerage. NHS Lothian had a vested interest in helping other boards to achieve savings through Directors of Finance and Board Chief Executives groups, as the Scottish Government funding used to help these boards came out of the health budget.
- 44.1.3 Members accepted the recommendations laid out in the paper and accepted significant assurance on the ability to achieve a balanced position in 2023/24.
- 44.2 Financial Plan 2024/25
- 44.2.1 Mr McCreadie presented the previously circulated paper, which had also been discussed at the Strategic Planning and Performance Committee. It was noted that Councils and Integration Joint Boards had similar funding problems to health boards and that they needed to work together and engage in joint solutions as a whole health and social care system.
- 44.2.2 Members suggested that more formal scrutiny was needed on decisions and planning so that the balance of impact on service levels was fully understood in relation to financial impact. Additionally, it should be clear where a change in one service had an impact in another. Mr Marriott advised that there was an established process for 3% efficiency savings whereby the service impact was overseen by the Corporate Management Team. A process for the additional 4% of savings needed for the coming year was being worked on, as this may cut into performance and delivery. This process would be brought to the next meeting. Currently decisions were being made based on the limited opportunities available. **CM**
- 44.2.3 Mr Crombie advised that discussions were being held about where routine services could be reduced to focus on urgent care. This would also have an impact as those waiting for routine services would become more unwell. A workshop had been held with Acute services and would also be held with unscheduled care, primary care and mental health to discuss models and impacts. The outcome of these discussions would then be shared with non executive board members at a meeting scheduled for 15 April 2024.
- 44.2.4 Mr Marriott advised that there was no strategic plan for sustainability of services from the Scottish Government and so strategic direction for financial survival must be made locally by health boards, including any investment in cost saving projects. This needed to be done in collaboration with other health boards.
- 44.2.4 Mr McCreadie advised that costs allocated to Integration Joint Boards were reviewed each year by the Integration Joint Board Chief Financial Officers. The Councils worked differently to health boards and took longer to determine their full financial position, this made it difficult for Integration Joint Boards to make quick decisions.
- 44.2.5 Members accepted the recommendations laid out in the paper. Limited assurance was accepted on the ability to make the required efficiency savings in the financial

year 2024/25, and no assurance was taken at this time on the ability to reach financial balance at the year end.

44.3 Review of Finance Risk (3600)

44.3.1 Mr Marriott presented the previously circulated paper. Mr Gordon noted a lack of understanding among Edinburgh councillors about the financial position regarding maintenance and reprovision of medical practices. Mr Marriott advised that Integration Joint Board chief officers were part of the Corporate Management Team and that he regularly met with chief financial officers who were aware of the situation and involved with the development of the financial plan. Mr Campbell also regularly met with the local authority chief executives and non executive members of NHS Lothian Board sat on the Integration Joint Boards. The discussion of the financial plan at the next public Board meeting would be another opportunity to make this position clear. There was no capital funding but maintenance would continue on a prioritised basis.

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

44.4 NHS Scotland Audit Scotland Report

44.4.1 Mr Marriott presented the previously circulated paper. It was noted in the Audit Scotland report that there was a difference in how different Boards recorded efficiency savings, making this difficult to compare. NHS Lothian only recorded an efficiency if money had been taken out of a service and not where extra money had been received.

44.4.2 A project manager and clinical lead were now in place for realistic medicine, working with the medical director and with the sustainability and value team. Work was to improve patient management but would not lead to a significant financial saving. The focus was on procedures of low clinical value.

44.4.3 Members accepted the recommendations laid out in the paper.

45. Scottish Hospitals Inquiry

45.1 Scottish Hospitals Inquiry Update

45.1.1 Mr Marriott presented the previously circulated paper. No timescale had yet been advised for the Inquiry's final report on NHS Lothian. The team was working with the Central Legal Office to ensure that the clinical matters that were important from NHS Lothian's point of view were included in the information submitted, the witness statements and the closing remarks.

45.1.2 The huge amount of work and commitment of current and former employees in acting as witnesses was noted.

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

46. Climate Emergency

46.1 Climate Emergency and Sustainability update

- 46.1.1 Mr Mill presented the previously circulated paper. It was noted that NHS Lothian were ahead of other Boards in this area.
- 46.1.2 A meeting would be held with Estates services on how the next phase of work could be supported. As part of this there could be more certainty on timescales and outcomes for compliance for some of the areas in the strategy. Mr Mill noted that some areas would not become compliant, either because they were very low risk (for example recording ancient monuments) or because it was not possible due to lack of resources.
- 46.1.3 Data showed an increase in transport use, but the data was not detailed enough to determine the reason for this as it did not identify service change. Transport use remained 20% below the 2019 rate, but the reason for the increase was not clear, nor whether it would continue.
- 46.1.4 It was agreed that the next annual report would include a cost savings summary. Members accepted the recommendations laid out, and accepted moderate assurance.

47. Reflections on the meeting

- 47.1 There were no specific items to raise to the Board that were not already being considered.

48. Date of Next Meeting

- 48.1 The next meeting of the Finance and Resources Committee would take place at **9.30 on Wednesday 5 June 2024.**

49. Further Meeting Dates

- 49.1 Further meetings would take place on the following dates:
 - 21 August 2024
 - 23 October 2024
 - 18 December 2024
 - 12 February 2025
 - 26 March 2025