

FINANCE AND RESOURCES COMMITTEE

Minutes of the meeting of the Finance and Resources Committee held at 9.30 on Wednesday 5 June 2024 via Microsoft Teams.

Present: Mr P. Allenby, Non-Executive Board Member; 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 K. Brennan, Assistant Management Accountant (item 3.3); Mr C. Briggs, Director of Strategic Planning; Ms D. Carmichael, Special Projects and Assurance Associate Director, Capital Planning; Mr J. Crombie, Deputy Chief Executive; Mr I. Graham, Director of Capital Planning and Projects; Dr J. Hopton, Sustainability Programme Director, Facilities; Mr C. Marriott, Director of Finance; Mr A. McCreadie, Deputy Director of Finance; Mr D. Mill, Senior Project Manager, Facilities (item 6.1); Ms J. Paris Newton, Programme Manager, Sustainability and Value (item 3.3); Ms B. Pillath, Committee Administrator (minutes); Mr D. Thompson, Board Secretary.

Apologies: Cllr S. Akhtar, Non-Executive Board Member; Ms M. Carr, Chief Officer, Acute Services; Ms T. Gillies, Medical Director; 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. Committee Business

1.1 Minutes and Actions from Previous Meeting (27 March 2024)

- 1.1.1 Members accepted the minutes from the meeting held on 27 March 2024 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.

2.2 Finance and Resources Committee Annual Report 2023/24

- 2.2.1 Mr Thompson presented the previously circulated annual report. A draft had been considered at the previous meeting. Members agreed the report, which would be submitted to the Audit and Risk Committee on 17 June 2024.

2.3 Terms of Reference - amendment

- 2.3.1 The amended version of the Committee Terms of Reference had been previously circulated. This was a minor change following discussion at the meeting in March

2024. Members agreed the amended version, which would go to the Board for formal sign off.

3. Capital

3.1 Property and Asset Management Investment Programme

- 3.1.1 Mr Graham presented the previously circulated paper. Mr Marriott advised that, following the agreement at the April 2024 Board meeting to declare the Royal Victoria Hospital a surplus asset, property experts were working on the steps required to proceed to disposal. It was hoped that this could be completed as soon as possible as the recovered cost was included on the recovery plan, but if the sale was not completed by the end of the year then bridging support could be available from the Scottish Government to transfer money between years.
- 3.1.2 Mr Briggs advised that the first of a series of meetings had been held with NHS Assure the previous week to discuss whole system planning in NHS Scotland. NHS Lothian were in a strong position as a whole system approach was already taken.
- 3.1.3 Committee members discussed the proposal to declare the Belhaven Hospital site as a surplus asset. Members acknowledged both the service and financial drivers underpinning this proposal and it was noted that the East Lothian IJB, as the relevant planning body and following appropriate public consultation, had already taken the decision to cease the provision of all healthcare services currently based there. A query was raised about how and to what extent public engagement activities were undertaken in advance of the decision to fully remove services from the Belhaven site. It was explained that the statutory responsibility for planning of the services, and therefore public engagement and consultation, rested with the IJB, which was a separate entity. However, it was understood that all statutory requirements in this area had been met.
- 3.1.4 It was explained that, as neither the IJB nor NHS Lothian had any further use for the site, it was considered a non-essential asset and therefore, according to the mandatory requirements of the NHS Scotland Property Transaction Handbook, must be declared surplus and considered for disposal.
- 3.1.5 Members recognised that the closure and eventual disposal of the Belhaven Hospital site might generate concerns amongst the local community, particularly in relation to the Community Garden currently on site. The need for NHS Lothian to move relatively quickly to minimise ongoing costs and contribute to very significant financial recovery targets in the current year was acknowledged. Reassurance was offered that developments would progress in compliance with all statutory requirements and that the Community Empowerment (Scotland) Act 2015 provided opportunities for community groups to request access to public assets. The Director of Capital Planning explained that the needs of the Community Garden would be considered in any discussions with interested parties.
- 3.1.6 Mr Graham advised that the transfer of GP practice property leases to the Board was part of the GMS contract agreed with the Scottish Government and could not be stopped. Once premises leases had been transferred, NHS Lothian became liable for maintenance and upgrade of premises to meet NHS standards, as well as the

transaction cost. It was suggested that the possibility of a pause in this process be raised with the Scottish Government as it resulted in the expansion of the estate at a time when Boards were being asked to reduce the estate. Mr Marriott agreed to raise with Alan Morrison of the Scottish Government noting that in the current financial situation this may be an area where spend could be reduced so money can be focused on higher priority areas. **CM**

3.1.7 Mr Marriott advised that the current guidance from the Scottish Government was that capital projects which had already begun were 'paused' for at least the next two years rather than written off. However, after this period of time project planning would effectively have to begin again, which would increase costs. Work was in progress to redeploy the expert staff brought in to work on these projects.

3.1.8 The Committee acknowledged and discussed a recommendation that had been made after the paper had been circulated, regarding the proposal to categorise the Board-owned Newtongrange Clinic as a surplus asset. It was agreed that a short briefing would be circulated following the meeting and approval sought via correspondence. **IG**

3.1.9 Members accepted the recommendations laid out in the paper, accepted significant assurance and agreed that the Belhaven Hospital Site be formally declared surplus to requirements.

3.2 Community Empowerment Act Annual Report

3.2.1 Mr Marriott presented the previously circulated paper. Mr Gordon noted that local authorities had added to the process under the Act to actively engage with communities when disposal of property was being considered, including a weekly online list. Mr Marriott advised that NHS Lothian followed the agreed process which included putting information online and considering requests once the disposal had been agreed.

3.2.2 Mr Briggs advised that the Integration Joint Boards and NHS Lothian carried out a large amount of community engagement. For instance, there was ongoing engagement with the Astley Ainslie Hospital Community Trust including informing them of timescales and future plans for the building. There was also engagement with the local authority on the city plan, which was another opportunity for community engagement.

3.2.3 It was suggested that a topic for a future Committee development session might be outlining and discussing the process for asset disposal, including community engagement requirements. This would focus on the remit of the Finance and Resources Committee and not on strategic questions. **CM**

3.2.4 Members accepted the recommendations laid out in the paper and accepted significant assurance that the annual report had been prepared in line with requirements and would be published as laid out in the Act.

3.3 Corporate Accommodation - Business Case

3.3.1 Mr Briggs presented the previously circulated paper. Following the initial scoping of space needed there had been some further requests to add desks for teams at the new site. A methodology was in place for desk allocation and this included considering space at other sites such as Comely Bank.

3.3.2 Members accepted the recommendations laid out in the paper and approved the preferred option as recommended in the business case.

3.4 Tippethill Hospital Contract Extension

3.4.1 Mr Marriott presented the previously circulated paper. He advised that the new completion date of 26 March 2026 was the best estimate for completion of the works, and built in flexibility on expected timescales.

3.4.2 Mr Briggs advised that completion was projected to take longer than initially expected due to time taken on discussions about capital and government funding.

3.4.3 Members accepted the recommendations laid out in the paper.

3.5 Consort Senior Debt Optimisation Proposal

3.5.1 Mr Marriott presented the previously circulated paper. Members accepted the recommendations laid out in the paper and agreed that the proposal from Consort should be rejected.

4. **Revenue**

4.1 Financial Planning and Year End Forecast

4.1.1 Mr McCreadie presented the previously circulated paper. It was noted that the increase in facilities and non pay cost was partly due to rising interest rates following a long period of low rates causing supplies costs to increase. This was factored in to financial planning as accurately as possible, but there was no resource from the Scottish Government for cover inflation in non pay costs.

4.1.2 A development session for Committee members on the relationship between Health Board and Integration Joint Board finances and schemes of delegation was suggested. Mr McCreadie, Mr Briggs and Mr Fleming to discuss the possible content of a session with Committee members. **AMcCr / CB / AF**

4.1.3 The chair thanked the Finance Team and the whole organisation for the successful work to reach breakeven for the end of the financial year and Members accepted the recommendations laid out in the paper.

4.2 Financial Recovery Planning

4.2.1 Mr McCreadie presented the previously circulated paper. As part of the savings plan there would be a focus on reducing the cost of back office functions, for instance by introducing more automated financial processes.

- 4.2.2 Mr Marriott advised that efficiency plans did not cover the gap in budget and that more fundamental reform was needed including a review by the Scottish Government of what services should be provided. It was noted that a previous Audit Scotland report emphasised that there was no sustainable financial plan across NHS Scotland, but that there had been no further guidance from the Scottish Government relating to this. Mr Crombie noted that work was being done in NHS Lothian on making proposals for bigger service reform to make to the Scottish Government, but this was complex.
- 4.2.3 The Integration Joint Boards were a key part of efficiency planning and the Chief Financial Officers and Chief Officers of these were leading on some of the efficiency programmes. It was agreed that there could be improvement on briefing Non Executive Board Members who were also members of the Integration Joint Boards, and this would be discussed at the next non executives informal meeting. **JCr**
- 4.2.4 NHS Lothian's Financial Improvement Group was providing oversight on the plans to make the additional 4% efficiency savings, and it reported up through the Corporate Management Team and the Finance and Resources Committee. Feedback on the governance process for this was welcome.
- 4.2.5 Mr Marriott advised that NHS Lothian's response to the Director General's letter regarding recovery planning was based on the Annual Development Plan and areas already discussed at the Board. Mr Marriott agreed to share the response with Members. **CM**
- 4.2.6 Members accepted the recommendations laid out in the paper.

5. Scottish Hospitals Inquiry

- 5.1 Mr Marriott presented the previously circulated paper. It was noted that the timescale for the final report from the Inquiry was not yet known. Members accepted the recommendations laid out and accepted significant assurance.

6. Sustainability

6.1 Climate Emergency and Sustainability Update

- 6.1.1 Dr Hopton presented the previously circulated paper. There had been discussions on improving benchmarks and definitions in the status table.
- 6.1.2 Dr Hopton noted that there was now good data to make business cases for efficiency savings. Mr Marriott noted that for investment there would need to be a clear case for financial return and deliverability as this would be considered along with service priorities, but that this would continue to be reviewed.
- 6.1.2 Members accepted the recommendations laid out in the paper and accepted moderate assurance.

7. Reflections on the meeting

- 7.1 No items required to be highlighted to the Board or to other committees.

7.2 This was Mr Graham's last meeting before he retired from NHS Lothian. The Chair thanked him for his management of capital projects, his clear reporting and his professional and informed feedback over the years at the Committee.

8. Date of Next Meeting

8.1 The next meeting of the Finance and Resources Committee would take place at **9.30 on Wednesday 21 August 2024.**

9. Further Meeting Dates

9.1 Further meetings would take place on the following dates:

- 23 October 2024
- 18 December 2024
- 12 February 2025
- 26 March 2025

Signed by Chair
21 August 2024