

FINANCE AND RESOURCES COMMITTEE

Minutes of the meeting of the Finance and Resources Committee held at 9.30 on Wednesday 21 August 2024 via Microsoft Teams.

Present: Mr A. McCann, Non-Executive Board Member (chair); Cllr S. Akhtar, Non-Executive Board Member; Mr P. Allenby, Non-Executive Board Member; Mr M. Connor, Non-Executive Board Member; Mr A. Fleming, Non-Executive Board Member; Mr G. Gordon, Non-Executive Board Member.

In attendance: Ms M. Campbell, Director of Estates and Facilities; Ms D. Carmichael, Special Projects and Assurance Associate Director, Capital Planning; Mr J. Crombie, Deputy Chief Executive; Mr B. Barron, PPP Programme Director (item 11.3); Ms T. Gillies, Medical Director; Dr J. Hopton, Sustainability Programme Director, Facilities; Mr C. Marriott, Director of Finance; Mr A. McCreadie, Deputy Director of Finance; Ms B. Pillath, Committee Administrator (minutes); Mr C. Stirling, Hospital Director, Western General Hospital (item 11.2); Mr D. Thompson, Board Secretary.

Apologies: Ms M. Carr, Chief Officer, Acute Services; Prof. C. Hiscox, Chief Executive; Ms A. MacDonald, 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.

10. Committee Business

10.1 Minutes and Actions from Previous Meeting (5 June 2024)

- 10.1.1 Members accepted the minutes from the meeting held on 5 June 2024 as a correct record.
- 10.1.2 The updated cumulative action note had been previously circulated. Updates discussed would be included in the action plan circulated before the next meeting.

11. Capital

11.1 Property and Asset Management Investment Programme

- 11.1.1 Ms Carmichael presented the previously circulated paper. At the previous meeting there had been discussion about asking for a pause of transfer of GP practice premises to NHS Lothian. With the example of the Liberton High School premises lease described in the paper, Members suggested that GP practices could be transferred to another organisation and then leased by NHS Lothian to free up capital. Mr Marriott advised that on the Liberton example had been arranged by

Public Health and that the Council had agreed to the lease of the premises as NHS Lothian could not afford to do buy it back, and NHS Lothian had secured good terms. The transfer of GP practice assets to NHS Lothian was slowing as the capital was not available for buy back.

- 11.1.2 The master planning described in the paper was designed to complement the implementation of the Lothian Strategic Development Framework.
- 11.1.3 In answer to a question about whether the retender of the Lauriston Pharmacy was still a priority in the current financial situation, Ms Carmichael advised that once surveys and backlog maintenance was completed in September there would be better knowledge of the value compared to the current cost.
- 11.1.4 Work had been done internally on business continuity priorities. The Scottish Government was asking for a submission on this but NHS Lothian did not have the capacity or resource to put a team in place to do this work again when it was not expected to result in any further capital funding; this had been communicated with the Scottish Government.
- 11.1.5 It was noted that there were a number of possibilities and opportunities regarding new GP practice buildings in new housing estates including shared premises with other Council facilities, and developer contributions through the Council, although these were a small proportion of the funding needed for the project.
- 11.1.6 The capital planning team was liaising with the Integration Joint Boards to update their priority lists and this would be included in the Lothian Strategic Development Framework.
- 11.1.7 The Liberton Hospital risk had been moved from low to medium. Work was ongoing with Edinburgh Integration Joint Board on the project plan which was due to be complete in March 2025.

11.1.8 Members accepted the recommendations laid out in the paper.

11.2 Regional Infectious Diseases Unit – Initial Agreement

- 11.2.1 The chair welcomed Mr Stirling to the meeting and he presented the previously circulated paper. It was noted that due to the current state of the building and the roof it would cost more to remain in situ than to move the unit as planned. The top floor would move while the administration team would remain for the time being on the ground floor but the building needed to be emptied and decommissioned as soon as possible. This would split the clinical and administration teams. This had been trialed during the Covid restrictions and ways of managing team cohesion were being considered. Another case for the move of the administration team would be brought to the Committee once this had been developed.
- 11.2.2 The Infectious Diseases provision would also be moving to a frailty model with less admission. This was in keeping with the strategic direction and had the support of the clinical teams.

- 11.2.3 Mr Marriott noted that a previous business case had identified that £65 million would be needed for reprovision of the Infectious Diseases Unit. The resource to move the unit instead would have to be committed, but this would come from the formulary resource allocation which was also needed for other important risks, for instance fire safety, Hospital Sterilisation and Decontamination Unit, Eye Pavilion and Cancer Centre.
- 11.2.4 Mr Crombie advised that there has continuous interaction with the Scottish Government about the capital funding situation and the risks involved, including through the Finance Directors, the Board Chief Executive Group and the MSP Group. They were aware of the situation with the infectious diseases unit.
- 11.2.5 Members accepted the recommendations laid out in the paper and accepted the proposed move.
- 11.3 Design, Build, Finance and Maintain Estate Review
- 11.3.1 The chair welcomed Mr Barron to the meeting and he presented the previously circulated paper on the private provider estate.
- 11.3.2 It could be demonstrated that some PFI/PPP providers performed better than others by tracking achievement of maintenance jobs, but these could not be directly compared as there were differences in the contracts. The newer contracts were more refined and allowed for an easier relationship with the Board, but there could still be improvements around the hand back of the contract.
- 11.3.3 Members accepted the recommendations laid out in the paper.
- 11.4 Track and Trace Implementation
- 11.4.1 Dr Hopton presented the previously circulated paper. Members acknowledged the success of this project in using digital innovation to improve processes and meet challenges. The system improved compliance and efficiency of the service and had expected financial benefits by identifying equipment that was not being used. It was suggested that a similar approach could be useful in other areas.
- 11.4.2 Dr Hopton advised that tracking was in place in the Hospital Sterilisation and Decontamination Unit but not yet linked to theatre booking. This would be put in place once required staff training had been completed.
- 11.4.3 This project was not conceived as an invest to save innovation, but was a necessary replacement for an existing tracking system. Cost benefits were not yet being tracked but work would be done on this once the project was complete. There would also be consideration of how usage and benefits could be extended elsewhere in the Board.
- 11.4.4 Members accepted the recommendations laid out in the paper.
- 11.5 Hospital Sterilisation and Decontamination Unit Risk

- 11.5.1 Ms Campbell presented the previously circulated paper. She advised that since the paper had been submitted, the steam generators were no longer working and the temporary boiler was being used.
- 11.5.2 It was noted that there was only one private provider in Scotland for decontamination available in the event of lack of capacity in health boards. All Boards in Scotland had them as their contingency but there was not sufficient capacity there if more than one Board needed to use them. Use of the private provider also led to delays as surgical instruments had to be transported to Liverpool for processing with a three day turn around time. Until a national resolution for decontamination was identified, these problems would be likely to continue.
- 11.5.3 The temporary boiler now being used took 24 hours to get up and running which affected productivity by 50% but did not affect theatre lists as critical kit was immediately prioritised with close working with the theatre teams.
- 11.5.4 Members accepted the recommendations laid out in the paper and accepted limited assurance.
- 11.6 Royal Infirmary of Edinburgh Facilities Risk
- 11.6.1 Ms Campbell gave a verbal update. Work was currently in progress at the Royal Infirmary. The transition team was in post and working on investigating the details of all the critical systems, including fire. The next steps were to get prioritised work agreed with the PFI provider, and this would be aligned with the risk assessment process. There was no proposal to change the risk grading at this stage, but this could be reviewed once the investigation was complete.
- 11.6.2 Members requested a formal update once more information was available. **JC**

12. Revenue

12.1 Financial Position and Year End Forecast

- 12.1.1 Mr McCreddie presented the previously circulated paper. In response to a question about how assurance could be improved on how recurring and non recurring efficiency savings would be made, Mr McCreddie advised that the Lothian Strategic Development Framework set out the work being done and work was ongoing with the teams on the 3% and 4% savings plans. There needed to be consideration of how the non recurrent 4% savings plan could be made recurrent.
- 12.1.2 Mr Marriott advised that the savings could not be made without making radical changes to reduce the cost of providing services, including stopping services. Not all areas were within the health board's control, for instance staff pay and funded services. This had to be part of a Scotland wide reform agenda lead by the Scottish Government.
- 12.1.3 Mr Crombie advised that a £12 million saving in workforce reduction had been identified and further savings in back room processes, digitisation and energy technology were being analysed, but there was limited capital for invest to save projects.

- 12.1.4 It was agreed that incremental updates on efficiency projects being considered or in progress would be given at future Strategic Planning and Finance and Resources Committees. Mr Crombie also agreed to consider whether there could be another forum for discussing strategic questions with the Non Executive board members. It was noted that there was no comprehensive plan to deliver the deficit except what had been shared with Non Executive Board Members at the Board and Committees.
JC
- 12.1.5 Members suggested that there should be consideration of how the need for support for making difficult decisions about reducing services could be raised with the Scottish Government in as many forums of possible, including the Annual Review. Mr Marriott noted that some suggestions had been made to the Scottish Government which they were not willing to support, but this may change in the future.
- 12.1.6 The cost of the Agenda for Change staff pay reform was not yet known until this had been agreed. Costs were being seen on the reduction in hours of the working week. The Scottish Government had allocated some money for this but it was not clear at this stage whether this was enough.
- 12.1.7 The importance of the long term savings possible from invest to save sustainability projects was noted. It was agreed that means of improving non executive members' understanding of how this type of project could improve the situation and how they could be supported would be discussed at the Strategic Planning Committee and with the Board Chair.
AMcCa
- 12.1.8 Members accepted the recommendations laid out in the paper and accepted limited assurance. They noted that the Scottish Government policy and political context limited the health board's scope to make the required savings without further support.

13. Scottish Hospitals Inquiry

13.1 Scottish Hospitals Inquiry Update

- 13.1.1 Mr Marriott presented the previously circulated paper. The main work for NHS Lothian in contributing to the Inquiry was now complete. Mr Marriott agreed to share details of the legal and staff costs of the Inquiry that were not funded by the Scottish Government as part of the final report.
- 13.1.2 Members accepted the recommendations laid out in the paper.

14. Sustainability

14.1 Climate Emergency and Sustainability Update

- 14.1.1 Dr Hopton presented the previously circulated paper. It was noted that as Mr McCann's term as Board Member was ending, Mr Gordon would take on the role of sustainability champion for the Board.

- 14.1.2 It was noted that with the constant addition to requirements for the sustainability development framework it would be difficult to resource the work needed to implement these targets. Dr Hopton noted that it was time consuming and a heavy use of resources for her team to receive funding by making a business case for each project, rather than having the team funded as part of normal business. Mr Crombie advised that prioritisation was needed with regards to other projects but that the sustainability team had proven that funding could be attracted to NHS Lothian for projects that could make savings. It was noted that using NHS Lothian's own money to make savings would also be beneficial.
- 14.1.3 It was noted that better eHealth engagement in sustainability projects would be beneficial, as they were both a consumer of energy and a potential source for improving sustainability. Dr Hopton noted that digital innovation could also be lead by other departments.

15. Reflections on the meeting

- 15.1 It was agreed that the chair would raise the following items at the item for Committee Chairs' updates at the next Board meeting: The fragility of the Regional Infectious Diseases Unit and the Hospital and Sterilisation Decontamination Unit; the financial position and the need to have a forum to discuss strategic plans to reduce the deficit.
- 15.2 This was Mr McCann's last meeting before his term ended at the Board. Members thanked him for his chairmanship, considered questions and support to both non executive members of the Committee and executive directors.

16. Date of Next Meeting

- 16.1 The next meeting of the Finance and Resources Committee would take place at **9.30 on Wednesday 23 October 2024.**

17. Further Meeting Dates

- 17.1 Further meetings would take place on the following dates:
- 18 December 2024
 - 12 February 2025
 - 26 March 2025