

FINANCE AND RESOURCES COMMITTEE

Minutes of the meeting of the Finance and Resources Committee held at 9.30 on Wednesday 26 March 2025 via Microsoft Teams.

Present: Mr M. Connor, Non-Executive Board Member (chair); Cllr 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.

In attendance: Professor C. Hiscox, Chief Executive; Mr C. Marriott, Director of Finance; Ms T. Gillies, Medical Director; Mr J. Crombie, Deputy Chief Executive; Mr A. McCreadie, Deputy Director of Finance; Ms M. Campbell, Director of Estates and Facilities; Mr B. Barron, Director of Capital Planning; Ms E. Amor, Assistant Finance Manager; Mr D. Clifford, Lead Pharmacist (item 44.4); Mr S. Garden, Director of Pharmacy (item 44.4); Dr J. Hopton, Sustainability Programme Director, Facilities; Mr C. Kerr, Programme Director, Capital Planning; Ms A. Macdonald, Strategic Planning and Modernisation; Mr I. Mackenzie, Green Health Programme Manager (item 46.2); Ms I. Tricker, Interim Head of Property and Asset Management; Mr D. Thomson, Board Secretary and Ms B. Pillath, Committee Administrator (minutes).

Talent Management Programme Observers: Ms A. Falconer; Ms J. Blackwood; Ms L. Graham; Ms L. Jess; Ms W. Parkinson and Ms K. Russell.

Apologies: No apologies noted.

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.

43. Committee Business

43.1 Minutes and Actions from Previous Meeting (12 February 2025)

43.1.1 Members accepted the minutes from the meeting held on 12 February 2025 as a correct record subjected to one amendment at paragraph 38.2.4 to add that Mr Barron would include more information in the next report about review of operational or service delivery benefits and whether they were achieved as part of the post project review process.

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

43.2 Draft Finance and Resources Committee Annual Report

43.2.1 Mr Thompson presented the previously circulated draft report. Members made some suggestions and accepted the draft. The revised report would be circulated for final approval at the next meeting.

44. Emerging Issues

44.1 Westport Office Accommodation

- 44.1.1 Mr Marriott reported that the Scottish Government had asked that NHS Lothian look to move from Westport offices following the recent move there. This was because NHS Lothian was sub letting from NHS Education Scotland, who had not had the extension of the lease signed off by the Scottish Government. A new business case would now have to be started. Staff affected had been briefed that week. The current lease was agreed until July 2025, but an extension would be requested while the work was done to secure new accommodation.
- 44.1.2 It was noted that Westport had been the most cost-effective option in the recent business case and would have resulted in savings of £12 million over 5 years. Any disadvantage of moving from Westport would be made clear in the new business case which would be reviewed by this Committee.

45. Capital

44.1 Property and Asset Management Investment Programme

- 44.1.1 Mr Marriott presented the previously circulated paper. The National Laboratory Information System (LIMS) implementation was costing more due to continuing to run the old system while paying for the new system as implementation was delayed. There was a need to have better processes and structures around funding national system implementation so that delays in one area did not increase costs in other areas.
- 44.1.2 The delay in the planned Liberton Hospital decant was due to time taken to agree the scope and requirements of the alterations taking place. The works at Ellen's Glen and Ferryfield House had to be completed one site at a time due to the decant requirements. The Ellen's Glen beds would be completed by the end of June 2025. Once the costs and programme had been agreed with the Walker Group PFI provider for the day hospital and hospital at home works then an end date for the full programme could be determined.
- 44.1.3 Members accepted the recommendations laid out in the paper and accepted significant assurance from the project tracker and moderate assurance from the rolling programme and work undertaken by the LCIG lease group.

44.2 Community Asset Transfer Process – Governance

- 44.2.1 Mr Kerr gave a presentation. It was advised that when there is a cost for a Community Asset Transfer this would be paid by the group taking on ownership, usually by fundraising.
- 44.2.2 If the Belhaven site was split between Community Asset Transfer and private sale the Community Asset Transfer would have an impact on the value of the remaining site, but this would depend on the site and possible uses.

44.2.3 Mr Campbell advised that an assessment group had been set up to consider the value of the site both to the local community and in monetary terms. This group was led by public health and had representatives from the property team and would include consideration of benefits to the community. The Community Empowerment Act had also been taken into account. Mr Marriott noted that it was important to work with the local community and to maximise the value of the Health Board's assets. All the required processes would be followed to reach this balance.

44.3 Capital Rolling Programmes – 2025/26 Investment Proposal

44.3.1 Ms Macdonald presented the previously circulated paper and gave a presentation. Mr Marriott noted that any opportunity to sell land to get capital for spending on high risk areas would be maximised. Sometimes buildings, such as the Eye Pavilion and the Infections Diseases Units, which were not high risk on the initial prioritisation, can emerge as high risk during the year.

44.3.2 Mr Marriott advised that environmental sustainability was part of the capital programme for 2025/26 for the first time. The sustainability risk was one of many to be balanced including all the high risk areas and the backlog maintenance. Sustainability projects were now being brought forward for assessment along with other projects and there may be separate funding coming from the Scottish Government for sustainability projects.

44.3.3 It was noted that a low level of investment against the needs of the estate due to lack of capital funding from the Scottish Government did expose the Board to legal risks, for instance the Board was cited on the legal requirements from the Scottish Fire and Rescue Service reviews. These risks were taken into account in the rolling programme.

44.3.4 Mr Marriott advised that systems and communications were in place with the Scottish Government to allow capital to be moved into the next year if it was being used for a large project. This had happened with the Eye Pavilion as some of the funding would be moved to the 2025/26 financial year.

44.3.5 Members accepted the recommendations laid out in the paper and accepted the proposed capital allocations.

44.4 HEPMA Benefits Realisation

44.4.1 The chair welcomed Mr Garden to the meeting, and he presented the previously circulated paper. Members noted the positive results of this transformational programme, both financially and for patient safety. The benefits realisation had been based on the business case objectives, and these had been followed through to ensure the expected benefits had been achieved.

44.4.2 Members accepted the recommendations laid out in the paper with the full business case for phase two of the implementation to be developed.

44.5 Hospital Sterilisation and Decontamination Unit (HSDU) Risk Mitigation 5388

44.5.1 Ms Campbell presented the previously circulated paper. Members thanked the team for their work in keeping the service operational and accepted the recommendations laid out. The risk remained classified as 'very high'.

44.6 Review of Corporate Risk 3600 Finance

44.6.1 Mr Marriott presented the previously circulated paper. It was hoped that the risk rating could be moved down from 25 to 20. Members accepted the laid out recommendations, and a further paper would be brought to the next meeting following the review of the financial plan. **CM**

45. Revenue

45.1 Year to Date Financial Position

45.1.1 Mr McCreadie presented the previously circulated paper. Members congratulated the team on reaching break even at year end in difficult circumstances. The need to continue to remind the Scottish Government that the increasing population in Lothian meant that NRAC funding allocations were not adequate, and the need to move on to invest in transformational change rather than in year efficiency projects were noted.

45.1.2 Members accepted the recommendations laid out in the paper.

45.2 Draft Financial Plan 2025/26

45.2.1 Mr McCreadie presented the previously circulated paper. This was the first time in some years that a financial plan had been presented which showed delivery of breakeven. Instead of brokerage being given to Boards not delivering financial balance, this year sustainability funding would be issued to all boards. The focus would be on 3% efficiency savings as there was a recurrent gap in funding which needed to be reduced.

45.2.2 The additional sustainability allocation being provided was specifically for meeting cost pressures in the system in areas where there was already spending. The financial benefits of the additional spend and improvement to the same amount allocated would have to be shown.

45.2.3 Professor Hiscox noted that the focus would be on delivery of the Sustainable Development Plan and working on how to invest in transformational change. This was being worked on through the Corporate Management Team in terms of making decisions on stopping other work and bridging opportunities. Scrutiny was needed to ensure the actual value and return of any transformational projects proposed.

45.2.4 Members accepted the recommendations laid out in the paper and the Financial Plan was accepted for presentation to the Board.

46. Sustainability

46.1 Climate Emergency and Sustainability update

- 46.1.1 Dr Hopton presented the previously circulated paper. She noted that there was demand on the small team for increasing reporting requirements, and that they were working on an organisational structure which would build climate and the environment into existing data collection processes for Finance and other teams.
- 46.1.2 A risk register was being worked on, but there was a lack of integration in Scottish Government teams which meant that environmental risks were seen separately to other board risks. The risk management framework was some way from completion due to the time needed to do this, but NHS Lothian was not behind other boards.
- 46.1.3 In terms of sustainability improvements due to digital developments, Dr Hopton noted that data was being collected on waste and consumption but also the carbon impact of digital solutions and digital infrastructure, which was not carbon neutral. Progress had been made, but better engagement with eHealth was needed.
- 46.1.4 The main positive impact from the HEPMA implementation would be in the ability to collect information on medicines which could lead to reduction of waste and unnecessary prescribing.
- 46.1.5 Members accepted the recommendations laid out in the paper.

46.2 Lothian Biodiversity Action Plan

- 46.2.1 Dr Hopton presented the previously circulated paper. The biodiversity action plan was now a requirement from the Scottish Government, which may lead to resources or opportunities in the future.
- 46.2.2 Members accepted the recommendations laid out in the paper and agreed the publication of the plan.

47. Scottish Hospitals Inquiry

47.1 Scottish Hospitals Inquiry update

- 47.1.1 Mr Marriott presented the previously circulated paper. There was a communications plan which would engage with the public in outlining NHS Lothian's response to the Inquiry recommendations. This paper would also be presented at the Board meeting in June 2025.
- 47.1.2 Members accepted the recommendations laid out in the paper.

48. Reflections on the meeting

- 48.1 Members did not identify any items to be raised at the Board or Board Sub Committees.

49. Date of Next Meeting

49.1 The next meeting of the Finance and Resources Committee would take place at **9.30 on Wednesday 11 June 2025.**

50. Further Meeting Dates

50.1 Further meetings would take place on the following dates:

- 20 August 2025
- 22 October 2025
- 17 December 2025
- 11 February 2026
- 25 March 2026.