

Performance Governance Committee – Minute of Meeting
Tuesday 9th May 2023
Via Microsoft Teams

1.0 Attendance

Present: Non-Executive Members

Sheila Cowan (Chair)
Marc Mazzucco
Lee Lyons
Linda Semple
Ewing Hope
Joyce White

Board Advisor/Ex-Officio

Lesley Bowie	Chair, NHS A&A
Kirstin Dickson	Director of Transformation and Sustainability
Derek Lindsay	Director of Finance

In Attendance:	Fraser Bell	Assistant Director (Programmes), Property and Capital Planning
	Jennifer Wilson	Nurse Director (on behalf of Claire Burden)
	Shirley Taylor	Committee Secretary (Minutes)

1.1 Apologies

The chair welcomed Joyce White to the committee. Apologies were received from Claire Burden.

2. Declarations of interest

Linda Semple as a Non-executive Director for the National Waiting Times Centre – Item 6.1 Full Business Case for National Treatment Centre

3. Minutes of the previous meeting – 02 March 2023

The minutes were approved as an accurate record of the meeting. Clarification was requested by a committee member as to when the Property and Asset Management Strategy (PAMS) would be presented to the Board. It was advised that the strategy is currently being reformatted and it is anticipated that it will be

finalised later this year. It was agreed this would be added to the workplan of this committee for an update later in 2023.

Action: Shirley Taylor

4. Matters Arising

4.1 Action Log

All actions have been noted as completed or are being discussed as part of the agenda.

4.2 Committee Workplan

The work plan is received at every meeting with any changes marked in red to allow changes to be easily identified. Discussion took place around the Annual Delivery Plan. It was agreed this would be moved to September on the workplan due to the submission being delayed by Scottish Government. The draft plan will be reviewed by Scottish Government before coming to the Board for final approval.

Action: Shirley Taylor

Outcome: The committee received the workplan.

5. Risk Register

5.1 Strategic Risk Register

The Director of Finance presented the routine report detailing the Performance Governance Committee risks. There are currently six risks for which the Performance Governance Committee are responsible. It was noted that the full strategic risk register will be presented to the Audit and Risk Committee on 10th May and the NHS Board on 27th June.

One very high risk was highlighted in relation to financial outturn. The other financial risk is employing permanent staff using non-recurring funding. In particular access funding was non-recurring, however it was noted that Scottish Government have agreed £7.5m of recurrent funding however the risk will remain for Caring for Ayrshire posts.

A committee member raised a query in relation to risk 494 and the reduction in the status from very high to high, despite planned care waiting times not being achieved. It was agreed this would be discussed with the Director of Acute Services to understand why the status has changed.

Action: Derek Lindsay

The Nurse Director updated on risk 432 which is related to Infection Prevention and Control measures being affected through increasing Health Improvement Scotland Visits and reduced capital. It was agreed that another risk template would be produced to support this risk.

Action: Jenny Wilson

It was felt it would be helpful for more commentary on this particular risk however further detail would be available in the Property and Asset Management Strategy and the infrastructure plan which will be submitted to Scottish Government to detail areas which we feel require investment.

A concern was raised with regard to risk 703 which is not due to be reviewed until 2024. The Director of Finance confirmed that this risk had been reviewed and updated in April 2023 and ties in with the revenue plan which is set on an annual basis. It was agreed this would be monitored on a twice yearly basis.

Action: Derek Lindsay

Outcome: *The committee received the paper.*

6. Capital Cases and Programmes

6.1 Full Business Case for National Treatment Centre

The Assistant Director (Programmes), Property and Capital Planning was in attendance to present the committee with the business case for the National Treatment Centre requesting that it be supported for submission to the NHS Board for approval.

The project is part of a Scottish Government programme of National Treatment Centres across the country. An amended governance process was provided in order to speed the process up. A Strategic Initial Agreement was approved in October 2021 and the Economic Case approved thereafter in March 2022, allowing the Board to purchase Carrick Glen Hospital for £1.5 million plus VAT.

The business case includes the full design and tendering of works and it is hoped that if the full business case is approved by Scottish Government then the contract can be completed with Balfour Beatty to allow start of building work in July 2023. Issues have been identified in relation to planning consent due to an ecological study being carried out with regard to bats. A winter study has taken place and following the summer study and it is hoped that planning consent would be granted. It is anticipated that building work would take two years. As a national treatment centre it was noted that patients will be allocated due to length of wait rather than location which will continue until waiting lists have been significantly reduced.

It is expected that revenue costs will be reimbursed. Costs are higher than initially stated within the economic case due to inflation and net zero requirements. Due to a slight adjustment in figures of the final Board paper it was agreed that an amended paper and appendices would be circulated to committee members for information.

Action Fraser Bell / Shirley Taylor

A committee member queried the allocation of operational costs and whether these have been factored into the budget for the next few years. There are dedicated staff charged to the project and £900k has been allocated from Scottish

Government to cover staffing costs in 2022/23. Project management costs have been built in through the delivery phase and will be fully recovered.

A question was raised with regard to communication with South Ayrshire Council about planning consent. It was noted that there has not been any formal consultation with the planning officer however it is anticipated the bat surveys will be completed this month.

Once the business case is approved by the board it will be submitted the following day to the Capital Investment Group for approval by Scottish Government.

The revenue reimbursement process was questioned and whether there is any risk around this. The committee were advised that a funding mechanism has been developed nationally for the national treatment centres whereby Scottish Government will cover fixed costs directly to provider board, this includes staffing costs and equates to 83% of the total revenue cost. 17% of variable costs for supplies will be funded by the Health Board of residence for the patient.

The committee agreed that subject to the refinements required to the business case it could be endorsed for onward submission to the NHS Board for approval.

Outcome: *The committee received the business case and supported onward submission to the Board.*

6.2 Draft Capital Plan 2023/24

The Assistant Director (Programmes), Property and Capital Planning presented the draft capital investment plan and highlighted that the figures contained within are subject to Scottish Government confirmation. It is anticipated that this year's funding will be similar to 2022-23. It was noted that the funding available is oversubscribed and a prioritisation process is used to look at the most critical items as no pipeline projects are able to be delivered within this financial year.

A commitment has been made for a capital investment on digital services infrastructure and equipment as part of the digital services reform plan. The allocation proposed for Electromedical Equipment has been reduced substantially to give digital more funding. The committee discussed the potential risks associated with the draft plan, future lifecycle plans and pipeline projects however it was accepted there is limited capital available. Scottish Government are in the process of developing an asset replacement plan which will contain a list of equipment and the date of acquisition which will help in forming the lifecycle replacement plan. Funding allocation for equipment are generally released in September each year which will enable EME planning to be put into place.

A question was raised by a committee member with regard to being able to procure the items on the plan in year. It was noted that plans can change throughout the year as to what funding will be spent on and as such a quarterly review is undertaken of expenditure and progress. If a target is not going to be met then that portion of the capital will be reallocated. The committee felt it would be helpful for a mid-year position paper to be produced to give assurance that the plan is progressing. This will be added to the workplan for November 2023.

Outcome: *The committee received the draft capital plan and supported onward submission to the board.*

7. Internal Audit Reports

7.1 PMO (Part 2)

The Director of Transformation and Sustainability presented the internal audit report on the Programme Management Office (part 2). Part one of the audit has been reported, with part two detailing actions which remain outstanding from part one. The first part of the audit looked at the four priority programmes whereas the second part of the audit assessed the delivery of the first set of actions and also if any financial savings have been delivered.

Two findings were noted within part two, one of which was around the timeframe for delivery of actions which should be more realistic. At the time of conducting part two of the audit there had been some slippage noted in response to part one actions. Revised due dates were agreed with Grant Thornton and all actions have been actioned and completed. The second action was in relation to financial deliverables and ensuring there is a finance representative attached to each priority programme. This is now in place and all actions have been completed.

Outcome: *The committee received the internal audit update.*

8. Financial and Service Management

8.1 Performance Report

The Director of Transformation and Sustainability presented the routine Performance report which covers aspects of planned and unscheduled care performance. Work has recently been undertaken to restructure and reposition the content of the paper to best suit the committee.

There is a similar picture to that of previous months and challenges can be seen across the system. This is due to a number of factors such as the impact of the pandemic on planned care activity and the inability to recover from this, the impact on waiting lists and challenges being seen at the front door. Activity hasn't reached pre-pandemic levels, with challenges moving people through ED against four hour standard and high numbers of delayed discharges.

A question was raised with regard to the deterioration in waiting times related to Diagnostics, in particular, Radiography, MRI, CT and Ultrasound. It was responded that a mobile scanner had been in place to create additional capacity however due to maintenance work on the permanent scanning equipment there was no additional benefit of the mobile unit.

It was felt that some areas were improving according to benchmarking data across Scotland however there remains ongoing issues with Musculoskeletal services which in turn creates additional pressure on Orthopaedic services. It was noted that there may be issues with regard to recruitment of staffing in this area and also due to the pressures being faced by the HR team at present with high levels of

recruitment across the system. Clarification will be sought with regard to this by the Director of Transformation and Sustainability as the new AHP Director is looking to focus on this particular area and will conduct a deep dive with lessons learned.

Action: Kirstin Dickson

Outcome: *The committee received the report.*

8.2 Priority Programmes 2022/23 – Month 12 Update

The Director of Transformation and Sustainability presented the Priority Programmes 2022/23 month 12 position. Throughout the year update reports have been provided on the four priority areas; Right Sizing the Workforce, Right Sizing the Bed Footprint, Distributed Working and Estates Rationalisation and Electronic Patient Record and Records Management. Over the 12 months some programmes have moved forward and delivered the ambition and other programmes have faced challenges and delays. The Director of Finance advised that the reduction in agency staff could not be achieved due to the failure to reduce the bed footprint, even though the international recruitment has been completed and the band four recruitment is underway, the overall objective for the year has not been achieved.

Moving into 2023/24 a slightly different approach will be adopted which will also be reported through the committee.

Outcome: *The committee received the update*

8.3 Financial Management Report – Month 12

The Director of Finance presented the routine report which is reported at each meeting. The timetable of financial management reporting synchronises each month between the Performance Governance Committee and the NHS Board. This month 12 report is presented at both meetings.

As at month 12 the outturn position is showing a deficit of approximately £25m. Preparations are underway to finalise the annual accounts for 2022/23 with our external audit having commenced. The Chief Executive had written to Scottish Government requesting brokerage and £25.4m was received in the final allocation letter and that this will be repayable once we are back in a breakeven position.

In terms of Covid funding this had reduced from approximately £50m in 2020 and 2021 to £18m in 2022. Only about £6 million will receive for the coming year. The vaccination programme will continue to be funded from Scottish Government however we have been unable to close the extra beds in our acute hospital which are a huge driver for spend and agency staffing numbers are still very high.

With regard to the HSCP budget this shows an overall underspend of £10m. There was a £7 million overspend primary care prescribing which the Health Board bore.

Discussion took place around the outturn spend noted within the draft capital plan. It could be seen that spend was much lower than anticipated on both ITU and the National Treatment Centre. £1.5m of capital slippage was reused for digital.

A committee member questioned delayed discharges in relation to Adults with Incapacity. It was noted that there are currently around 215 delayed discharges. Even though South Ayrshire has the biggest challenge with regard to this due to issues with care at home capacity however it was noted that good progress has been made on code 9 adults with incapacity and numbers significantly reduced.

Outcome: *The committee received the report*

8.4 Non-Framework Nurse Agency Spend

The Director of Finance advised that a paper went to the Board Chief Executives meeting in February 2023 requesting that all Boards refrain from using non-framework agencies to engage nurses from June 2023. It was noted that the majority of our agency cover is currently via non-framework agencies, with total agency nursing costs of £10.5m in NHS Ayrshire and Arran and £160m across Scotland.

Over the last few months a national group has been set up to look at this with the first step being to improve bank capacity. Under national framework contracts there is a cap on commission at 8%, it is anticipated that some agencies will not accept this. After 1st June if there is an emergency situation and non-framework agencies require to be utilised there will be a break glass procedure in place with Director level approval and reporting to the Scottish Government for each use. Although the vision is to move away from non-framework agency spend it is important to ensure continued health and safety at all times, a phased approach to implementation will be considered.

National procurement are currently looking to invite agencies to become part of the framework however it is anticipated this will not be finalised until October 2023. A paper was presented to CMT to highlight the risk related to this.

Outcome: *The committee received the paper.*

9. Key issues to report to the NHS Board

The Chair requested that the items to be reported to the Board are as follows:

- Full Business Case for National Treatment Centre
- Draft Capital Plan 2023/24
- Performance report
- Non-framework nurse agency spend

Outcome: *A summary of the papers received would be prepared for presentation to the Board.*

10. Risk issues to report to the Risk and Resilience Scrutiny and Assurance Group

Discussion took place as to whether non-framework agency spend should be listed as part of the risk register. It was agreed further discussion would take place around this.

Action: Derek Lindsay / Jenny Wilson

11. Any other competent business
Nothing raised.

12. Date of next meeting

Thursday 7th September 2023 at 9.30am via Microsoft Teams

SignatureDate