

NHS Ayrshire & Arran



Meeting:	Ayrshire and Arran NHS Board
Meeting date:	Monday 2 June 2025
Title:	Performance Governance Annual Report 2024-25
Responsible Director:	Derek Lindsay, Director of Finance
Report Author:	Sheila Cowan, Chair of Performance Governance Committee

1. Purpose

This is presented to the Board for:

- Discussion

This paper relates to:

- Government policy/directive

This aligns to the following NHS Scotland quality ambition(s):

- Safe, Effective and Person Centred

2. Report summary

2.1 Situation

As part of the Board's annual assurance process, the Performance Governance Committee provides an annual report which gives assurance that the Committee has discharged its Remit and Duties as defined in the Terms of Reference (TOR).

The Performance Governance Committee report for 2024-25 is presented to Board Members to report on progress and provide assurance that the Committee has delivered its remit.

2.2 Background

Each NHS Board Governance Committee is required to provide an annual report to Committee and the Board to provide assurance that the Committee has discharged its role as set out in the agreed Terms of Reference.

The Governance Committee annual reports are part of the overall assurance mechanism for the NHS Board to provide assurance in support of the Board's annual governance statement that the committees have fulfilled their remit.

2.3 Assessment

To evidence discharge of remit, the Performance Governance Committee annual report details the membership of the Committee and provides information on its activities in the past year. The report includes a Self-Assessment Checklist (Appendix 1), the Assurance Mapping Template (Appendix 2) and the Reporting to the NHS Board template (Appendix 3).

Key Messages

- The Committee monitored the Board's performance including budget monitoring and progress in programmes to achieve Cash Releasing Efficiency Savings, whilst maintaining the safe provision of services for which there was a continued increase in demand.
- They received non-financial performance reports and also approved the capital plan and scrutinised investments.
- The risk register for items delegated to Performance Governance was also considered by the committee in order to mitigate actions to improve risk.

2.3.1 Quality/patient care

Ensuring good performance governance supports the effective delivery of quality, patient-centred services throughout NHS Ayrshire & Arran.

2.3.2 Workforce

This assurance report has no workforce implications for the organisation.

2.3.3 Financial

A range of financial reports were considered throughout the year, including Financial Management Reports to each committee.

2.3.4 Risk assessment/management

The annual report process ensures an assessment of committee business against the agreed Terms of Reference. This mitigates against the risk of any gaps in assurance and supports the NHS Board's annual assurance statement.

2.3.5 Equality and diversity, including health inequalities

An impact assessment has not been completed because this is an assurance reporting paper.

2.3.6 Other impacts

- Best value - Reporting ensures sound governance and accountability.
- Compliance with Corporate Objectives - Providing this assurance report supports compliance with objectives on quality, safety, improved patient experience and a learning organisation

2.3.7 Communication, involvement, engagement and consultation

This paper requires no engagement with external stakeholders.

2.3.8 Route to the meeting

The annual report was considered and approved by the Performance Governance Committee on 6 March 2025.

2.4 Recommendation

For discussion. Members are asked to receive the annual report and note the assurance from the Performance Governance Committee that it fulfilled its remit in 2024-25.

3. List of appendices

Appendix 1 - Performance Governance Committee annual report and self-assessment checklist 2024-25

Appendix 2 – Performance Governance Committee Assurance Mapping Template 2024-25

Appendix 3 – Reporting to NHSAA Board 2024-25

NHS Ayrshire & Arran

Annual Report for Performance Governance Committee – 2024/25

1. Summary

- 1.1 The function of the Performance Governance Committee is to scrutinise the overall performance of NHS Ayrshire and Arran across the following functions: resource allocation; performance management and strategic planning. The Committee scrutinise and challenge financial plans and business cases before submission to the Board. The Committee's remit is also to provide scrutiny and challenge on the progress and achievement of NHS Ayrshire & Arran's Delivery Plan – 2024/25

1.2 Key Messages

The Board is still continuing to recover from the impact of the COVID-19 pandemic both in terms of increased financial costs and the ability to deliver services at pre-pandemic capacity levels.

The Committee recognised its need to be flexible and agile in the way it worked, recognising the pressures being faced whilst continuing to ensure that governance processes were carried out. Throughout the year the Committee monitored and scrutinised the Board's performance against the projected budget deficit for 2024/25. It has not been possible for the Board to fully deliver its cash releasing efficiency savings (CRES) which are a recurring shortfall, however new improvement processes have been introduced during the year supported by Viridian. Non-recurring funding for Agenda for Change non-pay changes have offset the shortfall in CRES and the projected deficit has reduced from £53.5 million to £51 million.

The Committee has also monitored the performance of the Board against national targets, national benchmarking and delivery against improvement trajectories set out in the delivery plan for 2024/25.

Deep dives were also provided to the Committee on Performance within specific areas of concern as well as updates on progress of internal audit actions for which the committee were responsible. Follow ups were scheduled for Audits which had outstanding actions.

2. Remit

- 2.1 The Committee's Terms of Reference were reviewed at its meeting on 6 March 2025. Amendments were made and these were approved by the Board on 31 March 2025.
- 2.2 A self-assessment is carried out by the Chair and Committee members and forms part of this annual report.

3. Membership

3.1 The Committee is composed of six Non-Executive Members. The membership of the Committee during 2024/25 is given below:

- Ms. Sheila Cowan (Chair)
- Mrs Jean Ford (Interim Member in place of Linda Semple from 11/07/2024 - 03/12/2024)
- Mr. Ewing Hope
- Cllr. Lee Lyons
- Mr. Marc Mazzucco
- Ms. Linda Semple (Vice-chair)
- Ms. Joyce White

Ex Officio members

- Mrs. Lesley Bowie, Board Chair
- Ms. Claire Burden, Chief Executive
- Ms. Kirstin Dickson, Director for Transformation & Sustainability
- Mr. Derek Lindsay, Director of Finance
- Dr. Crawford McGuffie, Executive Medical Director
- Ms. Jennifer Wilson, Executive Nurse Director
- Ms. Roisin Kavanagh, Executive Director of Pharmacy

Where relevant to the subject matter, other officers attended meetings of the Committee.

4. Meetings

4.1 The Committee met on five occasions between 1 April 2024 and 31 March 2025. Most meetings were conducted virtually using Microsoft Teams with the January meeting taking place face to face. There were additional PGC “Light” meetings to allow for the Financial Management Report to be considered before being submitted to the NHS Board. These took place on 5 August 2024, 30 January 2025 and 26 March 2025.

4.2 The NHS Board has previously agreed that attendance at Committee meetings should be recorded in the relevant Annual Report. The attendance record of each member is shown below (x indicates attended).

Member	Meeting date				
	17 May 2024	3 Sep 2024	6 Nov 2024	16 Jan 2025	6 Mar 2025
Sheila Cowan (Chair)	X	X	X	X	
Jean Ford		-	X		
Ewing Hope	X	X	-	X	
Lee Lyons	X	X	-	-	
Marc Mazzucco	X	X	X	X	
Linda Semple	-			-	
Joyce White	-	X	X	X	

5. Committee Activities

5.1 As outlined in the Committee's Terms of Reference, the Performance Governance Committee is responsible for:

- Supporting the development of performance management and accountability across NHS Ayrshire and Arran
- Monitoring performance against the Annual Operational Plan
- Finance and Service Performance
- To provide scrutiny and challenge on the progress and achievement of the priority programmes for change
- Investment Scrutiny
- Benefits Realisation
- Post project evaluation

6. Priorities for 2025-26

6.1 A key priority for the Committee through 2025-26 will be to support NHS Ayrshire & Arran as it continues to deliver services within the constrained finances and the effect this has on the ability to achieve performance targets while working within available budgets. The Committee will continue to monitor budgets and expenditure on a monthly basis in 2025-26 and how these impact on performance across the system. Additional PGC "Light" meetings will take place on alternate months to ensure that the committee have oversight of the Financial Management Report before it is considered by the Board. There will also be a key priority to ensure there is a focus delivery of planned savings as well as operational performance improvement with deep dives scheduled to take place within certain areas across the year and regular updates will be received on the work being undertaken by Viridian.

7. Chair's Comments

7.1 I appreciate the support from all members of the Committee for their input in the development of and contribution to the agenda and for the considerable work undertaken during the course of the year.

Throughout 2024-25, the Committee has overseen a wide range of activity relating to Performance Governance. The routine reporting of Financial Management has included monitoring of the expenditure against the budget approved by the Board. Routine reporting has also taken place on performance across the system and the factors adversely affecting performance on a daily basis.

I can confirm that the Performance Governance Committee has fulfilled its remit and that the Board has adequate and effective governance arrangements in place.

I would wish to record my thanks to all the staff who have supported the Committee over this and previous years, and to those who have responded to requests from the Committee for further information. This has enabled the Committee to fulfil its duties successfully throughout the past year.

Sheila Cowan
Chair – Performance Governance Committee
06/03/2025

Approved by Performance Governance Committee
06/03/2025

Performance Governance Committee

Committee effectiveness checklist for 2024/25

The Role and Work of the Committee	Yes / No / NA	Comments
The Committee has a clear understanding of its role and authority as set out in its terms of reference.	Yes	
The Committee undertakes an annual review of its remit and terms of reference and submits to the NHS Board for approval.	Yes	
The Committee has been provided with sufficient membership, authority and resources to perform its role effectively and independently?	Yes	Substitute Non-Executive Director when required
In discharging its role, the focus of the governance Committee is on seeking and reviewing assurances rather than operational issues.	Yes	
Remit - the Committee discharges its role to provide assurance that systems and procedures are in place to monitor, manage and improve overall performance and best value is achieved from resources.	Yes	
The Committee regularly reviews the strategic risks relevant to its remit and seeks assurance on mitigating controls and actions	Yes	
The Committee identifies further risk for consideration and escalation from the papers presented and discussion.	Yes	
The committee receives internal audit reports relevant to its remit and monitors progress against recommendations.	Yes	
The Committee has visibility of the mechanisms that are in place to monitor all aspects of its remit.	Yes	
The work of the Committee enables it to assure the Board that policies and procedures which are monitored, as relevant to the Committee's remit, are robust.	Yes	

The Committee links well with other Board committees and the Board itself, and opportunities are taken to share information, learning and good practice.	Yes	Link with Audit and Risk Committee regarding relevant internal audit reviews
The Committee produces an annual work plan.	Yes	
The Committee periodically assesses its own effectiveness.	Yes	

Committee Meetings, Support and Information	Yes / No / NA	Comments
The Committee has a designated secretariat	Yes	
The committee meets regularly, at least four times a year, and this is set out in the Terms of Reference.	Yes	
The scheduling of those meetings is appropriate to meet the body's business and governance needs	Yes	Additional PGC "Light" meetings have been arranged to review the Financial Management Report
The length of Committee meetings is appropriate to allow the Committee to discharge its role.	Yes	
Papers presented to the Committee are of a high standard and an effective format and ensure that members have access to appropriate information	Yes	
The Committee receives adequate information in relation to national policy and direction to enable it to fulfil its role and responsibilities.	Yes	
The Committee agenda is well managed and ensures that all topics within the remit are considered.	Yes	
The agenda and papers are circulated in advance of meetings to allow adequate preparation by committee members and attendees.	Yes	
Minutes are prepared and circulated as set out in the Terms of Reference.	Yes	
The Committee provides an effective annual report on its own activities.	Yes	
An action log/matters arising are well managed and indicate who is to perform what and by when.	Yes	

Committee Membership and Dynamics	Yes / No / NA	Comments
Chair and Membership of the committee has been agreed by the NHS Board and a quorum set	Yes	
A Vice Chair of the Committee has been proposed by the Chair and agreed by Committee.	Yes	
Membership of the Committee is appropriate with the correct blend of skills, knowledge and experience.	Yes	
All members of the Committee contribute to its deliberations on an informed basis.	Yes	
Committee members are offered an appropriate induction on joining and development opportunities to support them in undertaking their role.	Yes	
The leadership of the Committee by the Committee Chair is effective and supports input from all members.	Yes	
Committee members attend meetings on a regular basis and if not this is reported to the Board Chair for action.	Yes	
The Accountable Officer and other senior officers normally attend the committee as considered appropriate, as noted in the terms of reference.	Yes	Additional Directors added to ex-officio during the year
Support provided to the Committee by executives and senior management is appropriate.	Yes	

Assurance Mapping (Review of papers submitted against the Performance Governance Committee Remit 2024/25)

Remit: To provide assurance to the NHS Board that systems and procedures are in place to monitor, manage and improve overall performance and best value is achieved from resources.

Duties as noted in Terms of Reference		17 May 2024	3 Sep 2024	6 Nov 2024	16 Jan 2025	6 Mar 2025
To scrutinise the overall performance of NHSAA across:	Performance management	✓	✓	✓	✓	✓
	Strategic planning	✓	✓	✓	✓	✓
	Resource allocation	✓	✓	✓	✓	✓
To provide scrutiny and challenge on the progress and achievement against NHSAA Priority Programme.		✓	✓	✓	✓	✓
To ensure that systems and procedures are in place to monitor, manage and improve performance, across the whole system, and liaise closely with relevant Governance Committees (Staff, Healthcare, Information and Audit and Risk) to ensure appropriate remedial action takes place.		Financial Management Report Performance Report	Financial Management Report Performance Report	Financial Management Report Performance Report Capital Plan Mid-Year Position Paper	Financial Management Report Performance Report Draft Capital Plan 2025-26 CRES Strategy 2025/26	Financial Management Report Performance Report
Consider financial plans and approve annual budget proposals and business cases for submission to the NHS Board.		Financial Plan 2024/25 – 2026/27	Supplies Acute Expenditure	Escalation Self-Assessment – Financial Considerations	Capital Whole System Business Continuity Plan Caring for Ayrshire Whole System PIA Scottish Government Budget 2025-26 2025-26 – 2027-28 Financial Planning Assumptions Draft Financial Plan	Revenue Plan 2025/26

Assurance Mapping (Review of papers submitted against the Performance Governance Committee Remit 2024/25)

Remit: To provide assurance to the NHS Board that systems and procedures are in place to monitor, manage and improve overall performance and best value is achieved from resources.

Duties as noted in Terms of Reference	17 May 2024	3 Sep 2024	6 Nov 2024	16 Jan 2025	6 Mar 2025
<p>The Performance Governance Committee would consider:</p> <ul style="list-style-type: none"> – Annual Operational Plan performance targets – Investment Scrutiny – Benefits Realisation – Post Project Evaluation – Finance and Service Performance 	<p>Planned Care Performance Update</p> <p>Revenue Plan 2024/25</p> <p>CRES Plan Update</p>	<p>Mental Health Performance Update</p> <p>Quarter 3 & 4 ADP Update</p> <p>CRES Plan Update</p> <p>Decongestion of Emergency Department</p>	<p>Cancer Performance Update</p> <p>CRES Plan Update</p> <p>Non-pay expenditure</p> <p>AFC Reform Financial Implications</p>	<p>New Outpatient Waiting List Performance Update</p> <p>Estates Rationalisation</p> <p>Community Asset Transfer Requests</p> <p>Draft Delivery Plan 2025/26</p>	<p>Cancer Performance Update</p> <p>MSK Performance Update</p> <p>CRES Plan Update</p>
<p>To support the development of a performance management and accountability culture across NHSAA</p>	<p>Internal Audit Report – Capital Procurement and Contracting of NSAIS</p> <p>Internal Audit Report – Review of Delayed Discharges and Performance Indicators</p> <p>Internal Audit Update – Waiting Times Management</p>	<p>Internal Audit Update – Capital Procurement and Contracting of NSAIS</p> <p>Internal Audit Update – Review of Delayed Discharges and Performance Indicators</p> <p>Internal Audit Report – Performance Monitoring</p>	<p>No reports</p>	<p>Internal Audit Report – Waiting List Management</p> <p>Internal Audit Report - CRES</p>	<p>No report</p>

Assurance Mapping (Review of papers submitted against the Performance Governance Committee Remit 2024/25)

Remit: To provide assurance to the NHS Board that systems and procedures are in place to monitor, manage and improve overall performance and best value is achieved from resources.

Duties as noted in Terms of Reference	17 May 2024	3 Sep 2024	6 Nov 2024	16 Jan 2025	6 Mar 2025
Receive annual reports and quarterly updates from any sub-committees established by the Performance Governance Committee in order to provide assurance and accountability.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
To monitor and review risks falling within its remit.	✓	✓	✓	No report	✓

Performance Governance Committee Reporting to NHS A&A Board 2024/25

Reporting Duties	17 May 2024	3 Sep 2024	6 Nov 2024	16 Jan 2025	6 Mar 2025
Reporting action to the NHSAA Board	<ul style="list-style-type: none"> Internal Audit Update on Waiting Times Strategic Risk Register Routine financial and performance reports 2024/25 Revenue Plan 	<ul style="list-style-type: none"> Internal Audit updates Strategic Risk Register Routine Financial and Performance reports Update on Viridian work Update on the decongestion of the Emergency Department 	<ul style="list-style-type: none"> Mid-year Capital Plan position paper Strategic Risk Register Routine Financial and Performance reports Agenda for Change Reform Escalation Self-assessment Financial Considerations 	<ul style="list-style-type: none"> Capital Planning Papers including Estates Rationalisation and Community Asset Transfers Capital Plan 2025/26 Whole System Business Continuity Plan Routine Financial Management and Performance reports CRES Strategy 2025/26 Internal Audit Update on Waiting List Management Financial Plan 2025/26 and Caring for Ayrshire Whole System Plan Initial Agreement 	<ul style="list-style-type: none">
Confirmed that these were brought to the NHSAA Board	Y	Y	Y	Y	Y

Performance Governance Committee Terms of Reference

1. Introduction

- 1.1 The Performance Committee is established as a Committee of the NHS Board as described in the Board's Standing Orders. The approved Terms of Reference and information on the composition and frequency of the Committee have been informed by the Board's Standing Orders with specific reference to Section 9 Committees.
- 1.2 The Terms of Reference will be reviewed annually and submitted to the NHS Board for approval.

2. Remit

- 2.1 To provide assurance to the NHS Board that systems and procedures are in place to monitor, manage and improve overall performance and best value is achieved from resources.

3. Duties

- 3.1 To scrutinise the overall performance of NHS Ayrshire & Arran across the following functions of the NHS Board:
 - Resource allocation
 - Performance management
 - Strategic planning
- 3.2 To provide scrutiny and challenge on the progress and achievement of the NHS Ayrshire & Arran Transformational Change Programme.
- 3.3 To ensure that systems and procedures are in place to monitor, manage and improve performance, across the whole system, and liaise closely with relevant Governance Committees (Staff, Healthcare, Information and Audit and Risk) to ensure appropriate remedial action takes place.
- 3.4 Consider financial plans and approve annual budget proposals and business cases for submission to the NHS Board.
- 3.5 The Performance Governance Committee would consider:
 - Annual Operational Plan performance targets
 - Investment Scrutiny
 - Benefits Realisation
 - Post Project Evaluation
 - Finance and Service Performance

- 3.6 To support the development of a performance management and accountability culture across NHS Ayrshire and Arran.
- 3.7 Receive annual reports and quarterly updates from any sub-committees established by the Performance Governance Committee in order to provide assurance and accountability.
- 3.8 To monitor and review risks falling within its remit.
- 3.9 To review internal audit reports aligned to the Committee, to ensure that recommendations are reported, monitored and reviewed.

4. Authority

- 4.1 Committee is authorised to investigate any matters which fall within its Terms of Reference and obtain external professional advice.
- 4.2 The Committee may establish sub-committees to support its functions.
- 4.3 Committee is authorised to seek and obtain any information it requires from any employee, whilst taking account of policy and legal rights and responsibilities.
- 4.4 The Committee will have the authority to require the attendance of any employee of NHS Ayrshire & Arran, as may be required.

5. Committee Membership

- 5.1 The Committee shall be established by the full NHS Board and be composed of six Non-Executive Board Members.
- 5.2 The NHS Board shall appoint the Chair and approve membership of the Committee.
- 5.3 A Vice Chair will be proposed by the Committee Chair and agreed by the Committee
- 5.4 Committee membership will be reviewed-annually or as required, by the Board Chair.

6. Quorum

- 6.1 Three Non-Executive members will constitute a quorum.

7. Attendance

- 7.1 The Director of Finance, Chief Executive, Executive Medical Director, Executive Nurse Director, Director for Transformation and Sustainability and the Director of Pharmacy will attend meetings in an *ex-officio* capacity to provide information and advice.
- 7.2 The Committee may co-opt additional advisors as required.

- 7.3 With the prior approval of the Chair the Director for Transformation and Sustainability and the Executive Director of Finance can provide deputies on an exceptional basis.

8. Frequency of Meetings

- 8.1 The Committee will normally meet bi-monthly but will meet at least five times per annum.
- 8.2 The Chair may at any time convene additional meetings of the Committee.
- 8.3 Performance Governance “Light” meetings will take place throughout the year to allow members to review the Financial Management Report before it is considered by the Board where there is no Performance Governance Committee meeting beforehand.

9. Conduct of Meetings

- 9.1 Meetings of the Committee will be called by the Committee Chair.
- 9.2 The agenda and supporting papers will normally be available to members at least five working days before the date of the meeting.

10. Reporting Arrangements

- 10.1 A minute will be kept of the proceedings of the Committee. A draft minute of the meeting will be circulated, normally within ten working days, to the Chair of the Committee. Once the Chair has approved, the draft minute will be shared with committee members for information, not for comment, prior to consideration at a subsequent meeting of the Committee.
- 10.2 The Chair of Committee shall provide assurance on the work of the Committee. A summary of key points from each meeting and the approved minute will be submitted to the NHS Board meeting for information.
- 10.3 Committee will conduct an annual review of its role and function by completing a self-assessment checklist and providing this and an annual assurance report to the NHS Board each year.
- 10.4 Items requiring urgent attention by the NHS Board can be raised at any time at NHS Board Meetings, subject to the approval of the Chair.

Version:	Date:	Summary of Changes:	Approved by
01.0	07/05/2019	New template used	PGC 07/05/2019
01.1	7/05/2020	Section 10.2 – Board to receive approved minutes Section 8.5 – HEAT targets replaced with AOP performance targets	Board 17/08/20
02.0	17/08/2020	Review by PGC 12/01/2021	

02.1	12/01/21	Old section 5.3 – to be removed. This was added to give SG a forum to engage with the Board about recovery planning and is no longer relevant. Old section 8.3 – inclusion of Information Governance Committee	NHS Board 29/03/2021
03.0	10/03/2021	Amendments to deliver a standard approach to Governance Committee ToR. <ul style="list-style-type: none"> Sections reordered to bring committee business together, ie. Remit/Duties/Authority Duplication removed if referred to in Board Standing Orders Introduction amended to note that ToR are informed by the Board standing orders and the requirement for an annual review. Reporting arrangements amended to 10 days for draft minute to be available and ensuring approved draft shared with members. Inclusion of requirement for annual self-assessment checklist in addition to the Annual Report. No change to Remit Section 3.3 amended to correct Governance Committee titles 	NHS Board 29/03/2021
03.1	14/04/2021	Formatting update. Conduct section was not in agreed order as approved standard format. Moved to section 9. No change to wording or content.	Change made by Head of Corporate Governance 14/04/2021
03.2	20/01/2022	Annual Review of Terms of Reference – no changes made	NHS Board 28/03/2022
04.0	19/01/2023	Annual Review of Terms of Reference – 3. Duties: added statement on monitoring of internal audit recommendations	NHS Board 28/03/2023
04.1	18/01/2024	Annual Review of Terms of Reference – Section 8.2 addition to include PGC “Light” meetings to consider the Financial Management Report	NHS Board 26/03/2024
05.0	06/03/2025	Annual review of Terms of Reference - 7.1 Attendees updated to add the Executive Medical Director, Executive Nurse Director and the Director 8.3 addition of Performance Governance “Light” meetings throughout the year	NHS Board 31/03/2025