

**Performance Governance Committee – Minute of Meeting
Thursday 29th January 2026 at 9.30am
Via Microsoft Teams**

1.0 Attendance

Present: Non-Executive Members

Sheila Cowan
Marc Mazzucco
Joyce White
Lee Lyons
Ewing Hope

Board Advisor/Ex-Officio

Lesley Bowie	Board Chair
Gordon James	Chief Executive
Derek Lindsay	Director of Finance
Kirstin Dickson	Director of Transformation and Sustainability

In Attendance:	Jennifer Wilson	Nurse Director
	Vicki Campbell	Director of Acute Services
	Rob Whiteford	Assistant Director of Finance
	David Stonehouse	Interim Director of Finance
	Brian Steven	Turnaround Director
	Alistair Grant	Scottish Government
	Fraser Bell	Assistant Director of Programmes
	Shirley Taylor	Committee Secretary (Minutes)

1.1 Apologies

The chair welcomed everyone to the committee. Apologies were received from Linda Semple and Crawford McGuffie. David Stonehouse was welcomed as the new Interim Director of Finance and thanks were given to Derek Lindsay for his support to the committee.

2. Declarations of interest

None Noted.

3. Minutes of the previous meeting – 26 September 2025

The minutes were approved as an accurate record of the meeting.

4. Matters Arising

4.1 Action Log

An updated was requested on action 6.1. The Director of Finance advised there are currently ongoing discussions with CLO regarding the recovery of funding for disability patients. There is also an external audit items related to this and negotiations are taking place with the relevant councils. It is anticipated that the action will be completed by the end of March and the action log will be updated to reflect this.

It was confirmed that the Viridian update is now complete as it forms part of today's meeting agenda.

The completion date of item 5.2 has been amended as although there have initial discussion the timing of the schedule could be difficult to align to.

It was confirmed that the Tavi overspend action has now been completed as although this has been communicated with the policy team, no changes have been proposed and no risk identified. The Director of Finance advised that a budget has been set aside for the increased activity. There will be an increase of four Tavi's for next year which has been included in the pay and supplies cost pressures paper.

The completion date of the SLA action has been updated as a wider discussion is required regard this along with some understanding of how SLA's are formed. It is anticipated this will be progressed by the end of the year due to some push back.

The 15 box grid has been deferred until the next meeting to fit with submission timescales.

Outcome: *The committee received the update*

4.2 Committee Workplan

The committee workplan was received with changes noted in red for ease of reference.

Outcome: *The committee received the workplan*

5. Capital Planning

5.1 Capital Plan Mid-Year Review

The Director of Programmes attended the committee to present the capital plan mid-year review paper which provides a quarter three update up to the end of December 2025. The purpose of the paper is to provide members with assurance regarding the delivery of workstreams and to highlight the position in terms of spend, financial risk and slippage.

The projection for the year end is just over £16m inclusive of £1.1m which has been moved from capital to revenue. There have been issues with the completion of Foxgrove due to the quality and ventilation, there has been no solution from the contractor and there are risks regarding the timescales. There have also been delays with the refurbishment of Ward 4a due to achieving satisfactory water testing results. Testing is ongoing for this and it is hopeful this will be completed by Spring. There have been discussions with Scottish Government with regard to the requirements for Critical Care as these have now shifted from the original project and a strategic assessment will be completed on the proposed changes. It is anticipated this will delay the overall project.

In terms of the overall contingency, a proposal has been submitted to the IPB and CMT regarding what this funding could be utilised for and this will be worked on further.

The appendices were received which should 13 workstreams with five of these planned for completion by the end of the year. The planned demolition of Ailsa is continuing as planned and the EV infrastructure is progressing with a move to a full fleet of electric vehicles.

The report was well received by members and was thought to be very clear in understanding what the current position is. A question was raised with regarding to post capital investment reviews and whether these are carried out for all projects. It was responded that these would be for major projects and there has not been anything of this scale through the NHS assure process. Smaller projects tend to follow a more informal process.

It was noted from an external audit point of view it would be helpful to understand the transfer from capital to revenue and whether this will be reported back through PGC or the Board. The Director of Finance advised this was included as part of the board workshop in October and as long as this has been pre-agreed with Scottish Government then it is possible for this to take place. The funding would be taken from the Critical Care slippage which would not be utilised by year end. The Chief Executive advised members that a strategic assessment has been requested for Critical Care by the end of March 2026.

The Committee Chair questioned the £500k underspend and whether this will be utilised by the end of March 2026. The Director of Programmes advised that there should be no risk regarding this as there have been a number of capital equipment requests across the board which could be funded subject to delivery and goods received notes being completed.

A question was raised with regard to the funding for Business Continuity, it was confirmed that the original figure was based on 133% of the formula which equated to £7.5m. In November 2025 Scottish Government requested that submissions were made for additional funding to support Business Continuity and Digital. The Business Continuity Funding was a two year allocation which runs from 2025-2027 and monthly meetings take place with Scottish Government to discuss the spend.

Outcome: *The committee received the update*

6. Financial and Service Management

6.1 Performance Report

The Director of Transformation and Sustainability presented the routine performance report noting that the majority of the data shows the position as at December 2025. The summary sees mixed performance across the system with the inclusion of some seasonal challenges in the data. Mental Health and Prescribing with challenges across Unscheduled Care with regard to flow and delayed discharges.

Within Planned Care Outpatients have experienced some improvement with the 52 week wait being ahead of trajectory. The same can also be seen in Inpatients and Daycases.

Diagnostics is still experiencing some challenges however this will be explored more as part of the deep dive.

In terms of Cancer targets the 31 day standards has maintained a strong position. There has been significant improvement in the 62 day target however this is still exceeding trajectory. This is mainly due to significant risks regarding the dependency on the diagnostic pathways.

MSK is still experiencing challenges with Orthotics specifically deteriorating to 31.1%.

Mental Health is still seeing 100% compliance in CAMHS although there is a risk regarding the maintenance of this position due to workforce challenges and absences. Psychological therapies has dipped slightly due to workforce challenges and savings impacts.

Unscheduled care is the most significant area of challenge with a red status on all of the national and delivery plan targets. In terms of Delayed Discharges, the November data within the paper shows that trajectories have been missed across all three partnerships with North and South having the highest numbers of delays.

With regard to Workforce the November position was 6.75% with the December data showing a worsening position due to seasonal impacts. This is due to persistent long term absence issues and work is ongoing to alleviate impact of this.

A committee member highlighted that there is some really positive work ongoing however it would be beneficial to get stronger, positive messages out to the community. The Chief Executive confirmed that a meeting has taken place with communications regarding positive messaging and although there are some challenges, NHS Ayrshire and Arran has the best improved 62 day cancer rate across Scotland. Planned care is also closest to trajectory across Scotland.

Concerns were noted with regard to the worsening picture of delayed discharges and the financial challenges across the IJBs. It was confirmed that a meeting is scheduled to discuss a whole system approach and to consider the budget

challenges. The Scottish Government is also considering some radical change solutions.

The Nurse Director advised that from a clinical safety perspective an increase in delays cannot be tolerated and will increase harm to patients.

The Assistant Director of Finance advised that the cost of the delays would be £275 per bed per day at a total cost of £22m per year.

The Turnaround Director advised that the Caring for Ayrshire Planning work is taking place alongside this and delays will have a knock on impact to this work.

It was agreed that the Public Health data available is very good in being able to measure against. Members were advised there is a level of data available on OIP Programmes with some of this dependent on national projects moving forward. This will be looked at in more detail.

ACTION – Kirstin Dickson

Outcome: *The committee received the Performance Report*

6.2 Financial Management Report – Month 9

The Assistant Director of Finance shared the FM presentation with members which provided the content of the FMR using the format used by Lanarkshire. The headlines from the presentation was that at month 9 the deficit position was £27.3m excluding HSCP. The plan was for a £33.2m deficit at year end with the Scottish Government requirement being £25m. It is forecasted that the overspend at year end will be £40.2m with efficiency savings being £8.7m short of the original target.

Broken down, Acute has £25.5m of the £27.3m overspend excluding legacy CRES. There is £6m in new medicines fund overspend due to the increase in costs being difficult to absorb. ISS is underspent by £2m in respect of staffing underspends. Reserves are breaking even and any IJB underspend will be retained by the IJB and overspends will be covered by health.

The allocations made in December were £6m funding for discharge without delay and frailty also received its first allocation.

In terms of efficiencies the board has a target of £36.7m target which is 3% of the baseline. The forecasted savings are £27.9, for the year with £16m of this being recurring. £20.9m has been achieved to date.

The risk assessment section sets out the best, most likely and what has changed positions, there is a likely charge of Glasgow due to the SLA increase which has been agreed by Directors of Finance. It is anticipated this will be £2.8m and 50% of the full year increase to be charged by Glasgow. Primary care prescribing was underspent heavily in November with an annual forecast now at £4m. There has been an allowance for six more TAVI's and more has been allowed to cover the annual leave accrual.

The forecast remains at £40.2m and the operational position is challenging which drives the financial position.

The Director of Finance advised that some additional funding will be provided in year by Scottish Government. This will be used for areas where the position has worsened. The sale of Carrick Glen has not proceeded as planned which would result in a non-recurring saving. £1.5m will be provided by Scottish Government to cover this as well as £1m to cover costs for Viridian. There is still £2.3m of outstanding invoices for Woodland View and work is ongoing to recover this. It is also anticipated that the charge for CNORIS will not be as high as originally anticipated allowing some of this funding to be released. It is expected that there will also be additional funding for new medicines in Month 10 which will impact the bottom line outturn.

The Chair requested a bridge be provided to show who is continuing to overspend and the position from the £26.3m to £40.2m. It was agreed this would be provided.

ACTION – Rob Whiteford

It was also highlighted that there needs to be a broader discussion with regard to the SLA's. This will be raised at the quarter three meeting with Scottish Government.

ACTION – Derek Lindsay

A revised deficit position was requested to show the position with regard to the additional funding as noted above.

The Chief Executive assured members that discussions are taking place regularly with CMT and Scottish Government. No discretionary spend will be utilised between now and the end of the financial year, a new Procurement group has been set up to scrutinise orders being raised. There is grip and control within the system. It was confirmed there will be no support for the SLAs going forward and there needs to be a robust mechanism in place for this moving forward.

Outcome: *The committee received the Financial Management Report*

6.3 Quarter 2 Letter from SG – Action Plan

Members receive the action plan which has been produced to address the points from the quarter 2 letter from Scottish Government. There is a quarter three meeting taking place within the next week and planning meeting ahead of this to discuss where we are, the year-end outturn and planning for 2026/27.

The Director of Finance spoke through the specific action areas and highlighted that for grip and control there are acute divisional performance meetings taking place on a monthly basis to focus on areas of overspend and budget setting for next year. Director sponsors will be responsible for each efficiency area. There is also work ongoing around Caring for Ayrshire.

The Chief Executive advised that a Better Value steering group has been set up with Director responsibility, updates will be filtered to the committee through the performance report.

Outcome: *The committee received the action plan*

6.4 Update on Transition from Viridian to PMO

The Director for Transformation and Sustainability presented an update on the transition between Viridian and PMO which will be shared with members following the meeting. The update provided detail on the progress of the handover as Viridian move to the end of their contractual period in March 2026. Best value programmes and plans will be maintained moving forward and the PMO will provide support for the Caring for Ayrshire work.

Support was provided by Viridian in 2024-25 and 2025-26 which was the last year of the programme focussing on governance and delivery of the 2025-26 acute plan and workforce programmes. As part of the pipeline we will be moving forward to the next financial year with structures being aligned to acute and the workforce programmes. The PMO moving forward will work across the organisation and cover all aspects of the best value plans and provide transformational support.

By way of background, three models were presented to CMT to identify the most suitable for internal capacity and support. An in-house consultancy model was agreed to provide resources centralised in a PMO structure. Three Programme Managers will be recruited to the Acute Operational Delivery unit with a further Programme Manager being aligned to the pharmacy team. The remaining posts are currently vacant with the recruitment process underway. The in-house PMO will be tasked to provide consistent governance for arrangements around all programmes. Support managers will create the pipeline of improvement initiatives and deliver recurrent savings. It is estimated that the cost of the PMO structure will be £1m although some roles have yet to be evaluated.

The Director sponsor alignment, best value and Caring for Ayrshire work will all support the first draft of the financial plan. Although there is lots of work to be done of the next couple of months, the programme management structure is already in place along with a number of the posts.

Concerns were raised as to the timeline and the expectation of having all posts filled, it was confirmed it was unlikely this would take place before Viridian exit at the end of March, The balance of Programme Managers will be in place and risks are being mitigated as necessary with the timeline in place. Committee members expressed concern of momentum being lost in this project and savings opportunities being missed as a result of this.

The committee chair asked that the structure is presented to PGC members when available along with the scope of work. It was also agreed that the governance structure needs to feed into the workplan. Detail on the tools to measure success and output from the Best Value Steering group would also be helpful.

ACTION – Kirstin Dickson

It was also agreed that this should be visible to Board members as the process moves forward and savings should begin to be made as early in the year as possible. The Director of Transformation and Sustainability advised that discussions have been clear with CMT regarding the director sponsor approach and outlining the breadth of responsibility, reporting and risk will all be taken forward at monthly best value steering group meetings.

Outcome: *The committee received the update*

6.5 Best Value Plan Reporting Template

The Director of Transformation and Sustainability highlighted the key points of the template and advised that review work is underway to handover from Viridian to the PMO internal structures and as part of this review a change is required to how information is captured in highlight reports as the previous process was manual and found to be inefficient. Feedback on the structure of reports has been received internally, from the Turnaround Director and from Scottish Government. This will form part of an ongoing process and has been approved by CMT. It was agreed this would be discussed further to see how this links to the committee governance processes.

ACTION – Sheila Cowan / Kirstin Dickson

Outcome: *The committee received the template*

6.6 Viridian Value for Money Assessment

The Turnaround Director provide members with a value for money assessment of the work undertaken by Viridian by request from the committee due to the concerns regarding the low levels of recurring savings. It was agreed that the paper could be shared with Viridian colleagues.

Firstly it was highlighted that around 3200k of additional days were provided by Viridian over and above the contract which was thought to be good value for money.

It was confirmed that the base contract for Viridian was funded by Scottish Government however additional costs were incurred as part of the delivery mechanism, Lots of work has been undertaken on non-financials to support introduction of e-rostering and job planning however some of the work undertaken is difficult to monetise. The Safer programme is working very well with an agreement that dashboards will be populated for a further one year following the contract. It was found that without the work of Viridian the Board would have been in the region of £11m worse off.

In terms of learning there needs to be definition of the recurring vs non-recurring split which will affect how we set the budget going forward.

Overall it was highlighted that although there were problems with the Viridian contract it was found to have demonstrated value for money. Financial benefit in terms of cost avoidance has been gained as well as non-financial benefits such as reporting.

A member requested that it would be beneficial to request a copy of the Viridian Terms of Reference for members.

Outcome: *The committee received the update*

6.7 Pay and Supplies Cost Pressures

The Director of Finance advised that there have been two meetings of Pay and Supplies Group with representatives from HSCPs, HR, Procurement and Finance. There is detail within the paper with regard to avoidable inflationary pressures such as pay uplifts or pass through for IJBs. A number of prior commitments were approved through CMT such as the PMO and enhanced observations. Discussions have taken place regarding the SLA increase and non-clinical inflationary uplifts of PFI contracts and rates and water increases. Reviews are taking place to see what should come to the group going forward for challenge.

A question was raised as to whether there should be push back on some costs before they are accepted as part of the budget. It was responded that this happens as part of the ongoing process however some costs are unavoidable. Nothing new is included within the paper such as service developments and all areas are existing costs. All acute areas have been visited where there are overspends and a business case proforma has been produced to go to CMT which is a more formal process.

It was highlighted that if cost pressures are not acknowledged then they cannot be shown as recurring savings.

Outcome: *The committee received the update*

6.8 Prescribing Cost Pressures

The Assistant Director of Finance presented the prescribing cost pressures paper and advised that there has been an additional increase of 16.7m, this equates to £3m on acute, the new medicines fund and the risk share. For the first time we are looking to fund new medicines fund and its historic overspend which is £8.5m. Primary Care prescribing is forecast to underspend by 34m and a £5.5m increase is planned for. There will be expected increases in drugs over the course of next year and the position is unsustainable as funding will no longer be ring-fenced.

Outcome: *The committee received the update*

6.9 Draft Three Year Financial Plan

The Director of Finance shared the cover paper and background detail and noted that this is an abridged version of the plan with a detailed plan requested by the end of March 2026.

Concern was noted that the deficit within the plan is fairly sizeable and there will be no large transformational savings based on the work being done.

The Board Chair advised members that Scottish Government have intimated that sustainability funding will begin to reduce year on year which is a big concern.

The Chief Executive also expressed concern regarding the position and noted that where savings have been made they have been non-recurring which is a challenge going forward. Redesigning services takes time to be clinically safe and services need to be delivered on one site only. Lots of work is going into this within the CMT as at the moment the performance benefit is being recognised but this is not being seen financially. It was agreed that the number of delayed discharges would be crucial in helping to see the financial benefit.

Outcome: *The committee discussed the plan*

6.10 Budget Setting Process
Item received.

Outcome: *The committee received the paper*

6.11 Delivery Plan 2026/27 (Verbal)

The Director of transformation and Sustainability advised that there has been no formal 2026-27 guidance published. There has been various communications through letters with evolving expectations of how the board prepares for 2026/27. This includes directions for sub national planning and OIP programmes. Informal discussions with Scottish Government colleagues have indicated there will be a roll forward of some trajectories from delivery plan to quarter one and then OIP asks will be considered thereafter.

Outcome:

6.12 Imaging and Endoscopy Performance Update
Item deferred.

Outcome: *The committee received the update*

6.13 Orthotics Performance Update
Item deferred.

Outcome: *The committee received the update*

7. **Key issues to report to the NHS Board**

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

- Mid-year Capital Plan Review
- Performance Management Report
- Financial Management Report
- Update on new PMO structure and the link to the best value service reporting template
- Three year plan

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

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

Nothing to add.

9. Any other competent business

9.1 PGC Terms of Reference

Not discussed.

Outcome: *The Terms of Reference were agreed for submission to the Board.*

10. For information

The following papers were shared with members for information/awareness:

- Scottish Government 2026-27 Budget Letter
- National Resource Allocation Committee
- LOS / Safer Performance
- Planned Care Performance

11. Date of next meeting

Thursday 26th March at 9.30am via Microsoft Teams

SignatureDate