



**Performance Governance Committee – Minute of Meeting  
Tuesday 3 March 2020  
Meeting Room 1, Eglinton House, Ailsa Hospital**

**1.0 Attendance**

**Present: Non-Executive Members**

Michael Breen	Vice Chair
Ewing Hope	
John Rainey	
Linda Semple	

**Board Advisor/Ex-Officio**

John Burns	Chief Executive
Kirstin Dickson	Director for Transformation & Sustainability
Derek Lindsay	Director of Finance

<b>In Attendance:</b>	Andy Brown	Head of Capital Planning
	Frances Forsyth	Committee Secretary (Minutes)

**1.1 Apologies**

Laura Brennan-Whitefield; Bob Martin

**2. Declarations of interest**

**3. Minutes of the previous meeting – 17 January 2020**

The minutes were approved as an accurate record.

**4. Action Log**

- 4.1 An update on progress with audit recommendations contained in the internal audit report on Theatre utilisation and improvement was received. Committee members were advised that the paper had not been presented to the Healthcare Governance Committee as was stated, due to presentational issues and would go to a later meeting of that Committee.

**Outcome:** The update was noted by the Committee and the action would remain open due to a number of recommendations not having been completed.

4.2 All other items were either complete or not yet due.

## 5. Finance and Service Performance

### 5.1 Financial Management report – month 10

The Director of Finance presented the financial position at 31 January 2020 noting that the projected financial outturn for the year was £14.75 million deficit, at month ten the deficit was £13.5 million. January had been a challenging month, particularly in Acute services where the opening of additional beds to cope with winter pressures had led to an additional £400,000 of expenditure on nurse agency staff. The total overspend at month 10 was £13.5 million, £10.25 million of which was in Acute Services. The Committee noted expenditure across the various areas of the Acute budget, particularly:

- £7.1 million of unallocated savings year to date; unidentified CRES was £8.55 million.
- an anticipated variance of £1.9 million in the £240 million pay budget.

The Chair asked how much of the overspend in pay related to increased pension costs. The Director of Finance explained that the overspends for pension costs was in reserves where there was currently a £600,000 deficit.

The Director of Finance explained that the total health budgets for the three Health and Social Care Partnerships (HSCP) was £419.9 million. At month 10 there was a combined overspend of £1.7 million, which included an overspend of £2.8 million for prescribing for which the Health Board is responsible. The position in each of the Health and Social Care Partnerships was discussed:

**South:** The year to date overspend at month 10 was £1.2 million, largely due to prescribing overspends in Primary Care and at Biggart Hospital. There was a projected overspend at year end of £1.6 million

**North:** A year to date overspend of £582,000, included £1 million overspend on prescribing and £0.5 million underspend on Community and Addiction Services. The Director of Finance reported that the North HSCP anticipated an underspend (after prescribing overspends were picked up by the Health Board), of around £0.5 million which the HSCP proposed to transfer to social care where budgets were significantly overspent.

Management responsibility for the Douglas Grant Rehabilitation Unit and Redburn Ward had been transferred to the North HSCP at the beginning of April 2019, however, the North IJB had declined to take responsibility for funding of these areas until they had carried out due diligence. Redburn ward had an overspend of £384,000 at month 10, which the IJB has stated was not their responsibility. The Director of Finance advised

the meeting that he intended to treat this in the same way as Prescribing and accept the cost to the Board.

East: The East HSCP had an underspend of £0.9 million on Community Mental Health and Ayrshire Unscheduled Care (previously ADOC) which offset the primary care prescribing overspend.

Prior to the meeting, the Chair had asked the Director of Finance to consider contingencies to ensure the Board met its outturn target. The Director of Finance explained that there were still some uncertainties around the year end position, particularly the cost of winter pressures which depended on the number of beds which had to remain open and from this nurse agency spend. Figures for Primary care prescribing were always two months behind. In addition, there was a new and unknown cost pressure relating to COVID-19, though it was hoped that any related costs would be picked up by the Scottish Government.

The Director of Finance highlighted four areas of potential contingency funding which potentially could be utilised.

Committee members were reassured that there were appropriate controls and contingency options to achieve the £14.75 deficit budget position for 2019/20. The Committee discussed the importance of retaining the confidence of the Scottish Government and protecting future plans for the Caring for Ayrshire programme which was vital in transforming the way services were delivered and achieving long term financial viability.

Discussion took place about the future reporting of IJB expenditure and the need to ensure that the Board financial reports aligned wholly to the financial requirements as set out within the integration scheme.

The Director of Finance confirmed that the outturn projection for the end of February would include the prescribing costs as a Board liability along with overspends for Douglas Grant and Redburn.

**Outcome:** The financial position at the end of month 10 was noted. Committee members agreed that it should be a priority for the Corporate Management Team to achieve the £14.75 deficit target, and to take appropriate mitigating actions based on the discussion around contingency funding. Committee members felt assured that the budget outturn would be achieved but asked for a statement from the Corporate Management Team about the financial position as reported in the Financial Management Report for month 11 in order for the Performance Governance Committee to provide assurance about the budget position to the Board given the month 11 report due to timing will be a Board agenda item.

Action: D Lindsay

## 5.2 Unscheduled Care and Waiting Times Performance Report

The Director for Transformation and Sustainability explained the work of the two 'extreme teams' in the re-design of services. The Chief Executive described the

recently established 'Emergency Management Team' which was focussing on key issues to improve unscheduled care. The aim being to change the way staffing and resources were being used, for example:

- flow of North partnership patients out of Crosshouse
- the discharge of patients earlier in the day.
- not enough care home capacity in the South Partnership – review of requirement for care home and higher tariff care at home packages

It was acknowledged that although the situation was improving, changes were not making the difference needed.

One of the Non-Executive members commented that the report provided assurance that the Board was aware of where there were problems and was trying to put in measures to address these. The situation in the South Partnership where the Board had allocated additional funding for care home beds in order to give 'space' for the transformative work to take effect, was cited as evidence.

Committee members discussed the title of the 'Emergency Management Team', suggesting that this may give the wrong impression to the public and staff. The Chief Executive explained that the group was part of the Board's response to its 'purple' status but that the group had not taken 'operational command'. The team was working with clinical staff providing direction and support and had been welcomed by clinicians. The Chief Executive confirmed that there was regular dialogue with staff in St Andrews House and that they would be meeting with senior staff in Ayrshire & Arran.

Summaries of the performance and improvements plans for all areas were provided in the report.

**Outcome:** The Performance Governance Committee supported the measures being taken to support performance targets. The Director for Transformation and Sustainability agreed to look at the language used in the report to the Board to ensure that it did not create the wrong public perception.

### 5.3 Capital Programme 2019/20

The Committee received a complete list of the projects within the 2019/20 capital programme and noted progress towards the completion of each of these. The Head of Capital Planning noted that the department had faced challenges both financially and with workforce issues during the year.

**Outcome:** The Performance Governance Committee noted progress on the projects within the Capital Programme 2019/20. The Chief Executive asked that future reports separated the core capital programme projects from those in the 'Caring for Ayrshire' programme.

Action: A Brown

## 6. 2020/21 Budget Setting

### 6.1 Capital Plan 2020/21

The Head of Capital Planning explained that the Capital Plan for 2020/21 had been developed by the Capital Programme Management Group and was presented to the Performance Governance Committee for initial discussion prior to its submission to the Board for approval. It was noted that confirmation of funding for the plan had been confirmed by Scottish Government.

The Director of Finance noted that the total capital allocation for 2020/21 was £20 million and this included £6 million for the 'whole systems estate' (formerly Building for Better Care phase 3). Committee members were advised that this allocation was not an ongoing allocation but would reduce in the following year to £1 million. Allocations for 'Caring for Ayrshire' and the National Secure Adolescent Inpatient Services were provided for specific schemes and were scheme specific.

The Chair asked how the plan presented related to the Board's risk regarding the replacement of medical equipment. The Finance Director noted that £2.67 million had been allocated for this purpose from the core allocation. The Chief Executive requested that more information be provided about how the level of the allocation for replacement of electro-medical equipment was arrived at and how this addresses the risk on the Board's operational risk register.

Action: A Brown

The Chief Executive provided clarification about the governance route for the Capital plan 2020/21, explaining that it was presented to the Performance Committee for awareness and that it had yet to be discussed at the Corporate Management Team where some elements of the core allocation may be amended. The core component of the capital allocation was part of the Board's Operating Plan. Again, in terms of presentation it was considered important to separate the funding and expenditure relating to the Caring for Ayrshire programme.

**Outcome:** The proposed Capital Plan 2020/21 was noted.

### 6.2 Draft Revenue Plan

The Committee discussed the draft revenue plan which had previously been presented at a Board Workshop. The Director of Finance explained that the draft health budget for 2020/21 had been announced on 6 February. The allocation for Ayrshire & Arran had increased by £22.2 million giving a baseline allocation of £762.4 million. The Scottish Government had directed that Integration Joint Boards (IJBs) should receive a 3% uplift on their baseline budget. However, the IJBs were responsible for funding their own pay awards and would therefore need to identify their own efficiency savings.

The Director of Finance advised the meeting that cost pressures of £38.1 million had been identified, including those for Pay and Supplies and Prescribing which the Performance Governance Committee had received detailed reports on at its meeting on 17 January 2020. Efficiency savings of £17 million, which included £8

million unachieved Acute CRES brought forward from 2019/20 would offset these as would the funding uplift. As a result, the draft budget in the draft Annual Operating Plan for 2020/21 was £17.7 million deficit. The Committee heard that the Revenue Plan sets what it believed to be an achievable plan while recognising that it was a worse position than for 2019/20 rather than being able to reduce the deficit in line with the three-year financial plan.

The Chair asked about the rationale for this increase in deficit rather than a reducing one given the relative figure of £17.7m against the current deficit budget of £14.75 given the overall size of the budget. The Chief Executive responded that he did not expect this to be an acceptable position for Scottish Government, but that Acute services had been unable to achieve £8.5 million CRES during 2019/20 and it was unrealistic to add to this in 2020/21. The Committee wholly supported the approach outlined by the Chief Executive in setting achievable efficiency targets for operational areas.

The Committee heard that the Chief Executive is chairing a Financial Recovery Group reviewing all the data as well as looking at what had been done at other Boards. The Chief Executive explained that it was crucial to work with Scottish Government, providing them with evidence that Ayrshire & Arran was doing everything possible to address the financial deficit in order to maintain their confidence and prevent the Board being escalated to a level four. The Committee supported the position outlined by the Chief Executive and highlighted the examples presented within various papers presented today which demonstrated strong operational grip

Committee members stated that Ayrshire & Arran was not the only Board in this position; a contributory factor being the significant pay uplift and cost of national decisions on new medicines. The members supported the decision taken on Acute Services in relation to achievement of further CRES, but also agreed that it was important not to jeopardise the Board's ability to take the 'Caring for Ayrshire' programme forward which was key to the transformation process.

**Outcome:** The Performance Governance Committee reviewed the draft Revenue Plan noting the further discussions and work on the plan which would be taking place during March with Scottish Government .

### 6.3 Annual Operating Plan

The Director for Transformation & Sustainability explained that the report presented to the Performance Governance Committee was in fact a third draft rather than the final draft as previously hoped. This was due to ongoing discussions with, and requests for additional information from, Scottish Government. The intention was to have finalised the Annual Operating Plan for approval by the Board on 30 March 2020.

**Outcome:** The Committee commended the plan which clearly evidenced the extensive work being done by the Board.

## 7. Transformational Change Programme

### 7.1 Portfolio for Transformational Change

The Director for Transformation and Sustainability noted that as part of the quarterly review process a number of programmes in the 2019/20 plan had been re-categorised to 'Reform' for 2020/21 because they did not have a financial benefit. Progress with these schemes would continue to be tracked. The clarity of the report was acknowledged by Committee members.

**Outcome:** Committee members noted the update on all programmes associated with the Transformational Change programme.

## 8. Key issues to report to the NHS Board

As part of new Governance arrangements, Governance committees are required to agree points arising from the meeting which should be highlighted to the NHS Board prior to the approved minutes being submitted.

**Outcome:** Committee members agreed that the following discussions should be highlighted to the next Board meeting:

- Based on the financial report for month 10, the Committee were reassured that the projected year-end financial outturn was in line with the budget set for 2019/20. The Committee welcomed the financial contingency planning options identified to date.
- The Committee discussed the Unscheduled Care and Waiting Times Performance Report noting the improvement work being undertaken.
- The Committee received a paper on the 2019/20 Capital Programme which noted the progress of the individual projects and expenditure for the year.
- The Committee discussed the draft 2020/21 Capital Plan as presented noting that further work will be undertaken prior to presentation to the next Board meeting for approval
- The Committee discussed the draft 2020/21 Revenue Plan presented noting the deficit budget position contained within the paper. The 2020/21 Revenue Plan will be updated with further work completed internally on strategic positioning including discussions with Scottish Government prior to presentation to the Board for approval.
- The Committee commended the draft Annual Operating Plan presented and highlighted the extensive work being undertaken to reform services.
- The Committee welcomed the paper presented on the Portfolio for Transformational Change and the clarity of reporting

Action: Michael Breen

**9.. Risk issues to report to the Risk and Resilience Scrutiny and Assurance Group**

**Outcome:** No further risk issues were identified.

**10. Any other competent business**

10.1 There was none

**11. Meeting Dates**

11.1 Date of next meeting

Thursday 7 May 2020 at 09:30 in Room 3, Education Centre, UHA

11.2 Meeting dates 2020-2021

Date	Time	Venue
Tuesday 1 <sup>st</sup> September	09:30	Room 1, Eglinton House, Ailsa Hospital
Tuesday 3 <sup>rd</sup> November	09:30	Room 1, Eglinton House, Ailsa Hospital
Tuesday 12 <sup>th</sup> January 2021	09:30	Room 3, Education Centre, UHA

Signature Bob Martin

Date 30 July 2020