

NHS Ayrshire & Arran



Meeting:	Ayrshire and Arran NHS Board
Meeting date:	Monday 17 August 2020
Title:	Performance Governance Annual Report 2019-2020
Responsible Director:	Derek Lindsay, Director of Finance
Report Author:	Bob Martin, Chair of Performance Governance Committee

1. Purpose

This is presented to the Committee for: Awareness

This paper relates to:

- Government policy/directive
- Local policy

This aligns to the following NHS Scotland quality ambition(s): Safe, Effective and Person Centred

2. Report summary

2.1 Situation

The Performance Governance Committee provides an assurance report annually which sets out key achievements through the year in discharging its remit. The draft Performance Governance Committee report for 2019-2020 was presented for Members to consider and approve on 30 July 2020 prior to submission to the NHS Board.

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 Committees' approved Terms of Reference and information on the composition and frequency of the Committee will be considered as an integral part of the Board Standing Orders.

2.3 Assessment

Due to temporary changes to corporate governance arrangements to support our emergency response to Covid-19, which paused governance Committee business, the Annual Reporting timetable for Governance Committee reports is behind schedule. Committees would normally consider and approve reports in March or April

each year, for discussion at a May Board meeting, and subsequent submission to June Audit committee.

At the NHS Board meeting on 25 May 2020 Members agreed an approach to resume the normal timetable of governance committee meetings and committee business and hence the annual report has now been progressed.

The Performance Governance assurance report details the membership of the Performance Governance Committee and provides information on the activities of the Committee in the past year.

Key Messages

The Committee monitored the Board's performance against budget monitoring programmes to achieve Cash Releasing 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 business cases and scrutinised investments.

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 and enhances joint working across the NHS Board and Ayrshire Integration Boards.

2.3.3 Financial

There are no financial implications

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 30 July 2020.

2.4 Recommendation

For awareness. Members are asked to receive the annual report and note the progress of the Performance Governance Committee in 2019/20.

3. List of appendices

- Appendix 1 –Performance Governance Committee Annual Report 2019/20

NHS Ayrshire & Arran

Annual Report for Performance Governance Committee – 2019-20

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 has also provided scrutiny and challenge on the progress and achievement of the NHS Ayrshire & Arran Transformational Change Programme.

1.2 Key Messages

Throughout the year the Committee monitored the Board's performance against the projected budget deficit, monitoring programmes to achieve Cash Releasing Efficiency Savings, and address cost pressures whilst maintaining the safe provision of services for which there was a continued increase in demand.

The Committee has also monitored the performance of the Board against national targets such as waiting times and against the Annual Operational Plan.

2. Remit

- 2.1 The Committee's Terms of Reference are detailed at Appendix 1 to this report.

3. Membership

- 3.1 The Committee is composed of six Non-Executive Members.

The membership of the Committee during 2019/20 is given below:

- Mr Robert Martin, (Chair)
- Mr Michael Breen
- Cllr Laura Brennan-Whitefield
- Mr Stewart Donnelly (until September 2019)
- Mr Ewing Hope (from November 2019)
- Mr John Rainey
- Ms Linda Semple

In August 2019 the Committee agreed the appointment of Michael Breen as Vice-Chair.

Ex Officio members

- Dr Martin Cheyne, Chairman (until December 2019)
- Mrs Lesley Bowie, Interim Chairman (from January 2020)
- Mr John Burns, Chief Executive
- Mr Derek Lindsay, Director of Finance
- Ms Kirstin Dickson, Director for Transformation & Sustainability

Where relevant to the subject matter, other officers attended meetings of the Committee. An open invitation is extended to Scottish Government colleagues.

4. Meeting

4.1 The Committee met on five occasions between 1 April 2019 and 31 March 2020.

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				
	7 May 2019	27 Aug 2019	5 Nov 2019	17 Jan 2020	3 Mar 2020
Robert Martin (Chair)	-	x	-	x	-
Michael Breen	x	x	x	-	x
Laura Brennan-Whitefield	-	-	-	x	-
Stewart Donnelly	x	x	Step down 30/09/2019		
Ewing Hope			x	-	x
John Rainey	x	x	x	x	x
Linda Semple	x	x	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 Transformational Change Programme
- Investment Scrutiny
- Benefits Realisation
- Post project evaluation

These responsibilities were carried out through the receipt and consideration of reports as follows:

Meeting date	Reports received
7 May 2019	Review of progress with Integration of Health and Social Care – East and North Ayrshire Property and asset management strategy Financial management report – month 12 Month 12 Scottish Government report on improvement initiatives Performance report Annual Operational Plan 2019-20 Programme Management Office update Internal audit review: Programme Management Office Internal audit review: Treatment Time Guarantee Annual report for the Performance Governance Committee 2018/19
27 August 2019	National secure adolescent inpatient service – outline business case Internal audit review - Estates management Review of progress with integration of Health and Social Care – South Ayrshire Agency spend Quarter one review submission to Scottish Government Financial management report – month 4 Performance report Capital programme 2019/20 update Budget setting timetable 2020-21 Programme Management Office update
5 November 2019	Arran services integrated hub - initial agreement Financial management report – month 6 Primary Care prescribing Mid year review and outturn projection CNORIS Annual Report 2018-19 CNORIS quarterly reports 2019-20, quarters 1 and 2 Local CNORIS settlements in the previous 4 years Performance report Intermediate care and rehabilitation – benefits realisation from pan-Ayrshire model Programme Management Office update Strategic risk register
17 January 2020	Acute Improvement and Reform Plan Internal audit review: Theatre Utilisation Internal audit review: Unscheduled Care Financial Management report – month 8 Performance report Draft financial plan and control schedule Pay and Supplies cost pressures 2020-21 Medicines cost pressures 2020-21 Annual Operational plan Programme Management Office update

3 March 2020	Update on progress with Theatre Utilisation Internal audit recommendations Financial management report – month 10 Unscheduled care and waiting times performance report Capital programme update 2019-20 Capital plan 2020-21 (draft) Revenue plan – (draft) Annual Operational plan – (draft) Programme Management Office update
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5.2 Finance Performance

Throughout the year the Committee received the Financial Management report which allowed it to monitor the Board's financial position against the forecast deficit of £14.7 million. Alternate months were received by either the NHS Board or Performance governance Committee.

In August 2019 the Committee received a report on the financial position at the end of the first quarter of the year noting that the overspend at that point was above the anticipated level for that point in the year. Details of the areas driving the level of overspending were provided to the Committee.

The mid year review and outturn projection presented to the Committee in November 2019 projected an outturn position which was £5 million above the planned end of year outturn position. The Committee received details from the Chief Executive of measures being taken by the Board to enable it to achieve the outturn position in the budget. The Committee called for further details of steps being taken in Acute Services. Accordingly, the Director for Acute Services attended the meeting on 17 January 2020 to discuss the Acute Improvement and Reform Plan with the Committee.

The Committee also received a report from the Director of Pharmacy on pressures on the Primary Care Prescribing budget at its meeting in November 2019 and planned actions to address overspends.

At its meeting in January 2020 the Committee scrutinised the financial position presented in the Financial Management report at month 8, expressing concern about the assurance given around delivering the planned outturn. The Director of Finance provided details of non-recurring measures which were being proposed to the Scottish Government which would enable the Board to meet the planned year-end position.

At the meeting on 3 March 2020 the Committee noted the financial position at the end of month 10 and received details of mitigating actions which were planned to ensure that the Board's deficit target was met. Committee members felt assured that the budget outturn would be achieved. As part of the discussion of the month 10 Financial Management report presented on 3 March 2020, the Director of Finance provided a detailed overview of expenditure against the health budgets for the Board's three Health and Social Care Partnerships.

5.3 Service Performance

A report on performance against national unscheduled and planned care performance

targets was presented to each meeting by the Director for Transformation and Sustainability. These reports contained details of the actions being taken to address areas where targets were not being met by the Board.

An internal audit review of the Board's waiting times management provided the Performance Governance Committee with an overview of the Board's performance in relation to the national Treatment Time Guarantee.

A review of Theatre utilisation and improvement conducted by the Board's internal auditor was presented to the Committee on 17th January by the Director of Acute Services. An update on progress with the audit recommendations contained in the report was received at the meeting on 3 March 2020.

The 17th January meeting also received an internal audit report on Unscheduled Care which had specifically reviewed the management of the Emergency Department and performance against the four hour Waiting Time target at the Board's two acute hospitals.

The Head of Property Services presented the Property and Asset Management Strategy highlight report to the meeting in May 2019. The Committee noted the risks associated with aging medical equipment and asked for more information about how the Board was handling this. Progress of the Capital Programme for 2019/20 was reported to the Committee in August 2019 and March 2020.

The Committee received an internal audit review of Estates Management at its meeting in August 2019 and discussed the importance of a robust benefits realisation strategy including standardisation to better inform future capital investment decisions.

5.4 Investment Scrutiny

The Head of Service - Mental Health, presented the Board's outline business case for hosting the national secure adolescent inpatient service. The Committee probed the cost to the Board seeking assurance that the financial risks had been considered.

The Committee received an initial agreement for services on the island of Arran at its meeting in November 2019. The paper described the proposed development of a Health and Social Care Hub on Arran as part of the 'Caring for Ayrshire' programme. The proposal was supported by the Committee for submission to the Board.

The Director for Health and Social Care - East Ayrshire Partnership, attended the Committee meeting on 5 November 2020 to provide an update on the Intermediate Care and Rehabilitation programme.

5.5 Annual Operational Plan

The Annual Operational Plan for 2019/20 was discussed by the Committee at its meeting in May 2019.

The Directors of Health and Social Care for each of the three regional Health and Social Care Partnerships attended the Committee to discuss progress in their region with the integration of health and social care with particular reference to the template produced following the findings of the Ministerial Strategic Group for Health and Social

Care.

Two drafts of the Annual Operational Plan, including the financial plan, were discussed by the Committee at its meetings in January and March 2020. The Committee noted that discussions were continuing with Scottish Government throughout March 2020 but commended the plan which they believed clearly evidenced the transformative work being done by the Board.

5.6 Transformational Change and Sustainability

In May 2019 the Committee discussed the Board's report to Scottish Government on the delivery and associated value of the improvement initiatives during 2018/19.

Success with initiatives to reduce expenditure on agency staff during 2018/19 was noted at the meeting in August 2019.

The Director for Transformation and Sustainability provided a progress update to each meeting on the programmes within the portfolio for transformational change.

An audit review of the Programme Management office was carried out by the Board's internal auditor. The review provided the Committee with assurance of good governance within the transformational programme of work identified by the Board.

5.7 Budget setting 2020/21

The Director of Finance presented papers and led discussion on the following matters:-

The budget setting process for 2020/21 was approved by the Committee on 27 August 2019.

Pay and Supplies cost pressures for 2020/21 were presented to the Committee for its consideration at its meeting in January 2020. It was noted that 2020/21 was the third, and most expensive year of the Agenda for Change pay deal.

The Pharmacy Director attended the meeting on 17 January 2020 and presented a paper outlining the medicines cost pressures identified for 2020/21. It was noted that Prescribing was an area where the Board had limited control of expenditure.

The Director of Finance presented the Financial plan and control schedule to the Committee on 17 January 2020. The Committee expressed some concern about whether the budget outturn for 2020/21 would be achievable.

The Committee reviewed the draft Revenue Plan 2020/21 at its meeting on 3 March 2020 and were supportive of the position which the Board had set out and the further discussions and work on the plan which would take place during March with Scottish Government to reduce the planned deficit.

The draft Capital plan for 2020/21 was presented to the Committee in March 2020 by the Head of Capital Planning.

5.8 Risk Management

Some meetings received a report on the finance and performance risks in the Board's Strategic risk register. The Committee highlighted the risk in failing to meet the budget and also the required replacement of electro-medical equipment, to the Risk and Resilience Scrutiny and Assurance Group.

6. Priorities for 2020/21

- 6.1 A key priority for the Committee through 2020/21 will be to support COVID 19 governance requirements as NHS Ayrshire & Arran moves from the emergency response stage to phase 2 mobilisation and towards recovery.

The Committee monitors development of the Board's Annual Operational Plan and would review the delivery of financial and performance targets.

- 6.2 The Committee will have a role to monitor expenditure in 2020/21 related to COVID-19.

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 2019/20, the Committee oversaw a wide range of activity relating to Performance Governance. As well as routine reports on Financial Management and Performance in scheduled and unscheduled care, the Committee also scrutinised the progress of the Transformational Change Programme, receiving further information and assurance as is required as part of their remit. 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.

Bob Martin
Chair – Performance Governance Committee



Performance Governance Committee Terms of Reference

1. Introduction

- 1.1 The Performance Committee is identified as a Committee of the NHS Board. The approved terms of reference and information on the composition and frequency of the Committee will be considered as an integral part of the Standing Orders.
- 1.2 The Committee will be known as the Performance Governance Committee of the NHS Board and will be a Standing Committee of the Board.

2. Remit

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

3. Committee Membership

- 3.1 The Committee shall be established by the full NHS Board and be composed of six Non-Executive Board Members. The Chair, and Committee members will be appointed by the Chair of the NHS Board and all will be Non- Executive Board members. A Vice Chair will be proposed by the Governance Committee Chair and agreed by the Committee
- 3.2 Committee membership will be reviewed at least annually.

4. Quorum

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

5. Attendance

- 5.1 The Chief Executive, Director for Transformation and Sustainability and the Executive Director of Finance, will attend meetings in an *ex-officio* capacity to provide information and advice.

- 5.2 Chairs of Sub-Committees will be in attendance at the Performance Governance Committee to report on the work of the sub-committee. The Committee may establish Sub-Committees to support its functions.
- 5.3 Scottish Government colleagues will have an open invitation to Committee meetings.
- 5.4 The Committee may co-opt additional advisors as required.
- 5.6 With the prior approval of the Chair of the Performance Committee the Director for Transformation and Sustainability and the Executive Director of Finance will be able to provide deputies on an exceptional basis.

6. Frequency of Meetings

- 6.1 The Committee will meet every two months
- 6.2 The Chair of the Committee may at any time convene additional meetings of the Committee.

7. Authority

- 7.1 Committee is authorised to investigate any matters which fall within its Terms of Reference and obtain external professional advice.
- 7.2 Committee is authorised to seek and obtain any information it requires from any employee, whilst taking account of policy and legal rights and responsibilities.
- 7.3 The Committee will have the authority to require the attendance of any employee of NHS Ayrshire and Arran, as may be required.

8. Duties

- 8.1 To scrutinise the overall performance of NHS Ayrshire and Arran across the following functions of the NHS Board:
- Resource allocation;
 - Performance management;
 - Strategic planning.
- 8.2 To provide scrutiny and challenge on the progress and achievement of the NHS Ayrshire & Arran Transformational Change Programme.
- 8.3 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, Clinical and Audit) to ensure appropriate remedial action takes place.

- 8.4 Consider financial plans and approve annual budget proposals and business cases for submission to the NHS Board.
- 8.5 The Performance Committee would consider:
 - Annual Operational Plan performance targets
 - Investment Scrutiny
 - Benefits Realisation
 - Post Project Evaluation
 - Finance and Service Performance
- 8.6 To support the development of a performance management and accountability culture across NHS Ayrshire and Arran.
- 8.7 Receive annual reports and quarterly updates from the Sub-committees established by the Performance Committee in order to provide assurance and accountability.
- 8.8 To monitor and review risks falling within its remit.

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 be sent to members at least five working days before the date of the meeting.

10. Reporting

- 10.1 Minutes will be kept of the proceedings of the Committee. These will be circulated, in draft normally within five working days to the Chair of the Committee and within five working days thereafter to members, 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 and the draft minutes will be submitted to the NHS Board meeting for information.
- 10.3 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	30/07/2020	Section 10.2 – Board to receive approved minutes, not draft Section 8.5 – HEAT targets replaced with Annual Operational Plan performance targets	