



**Performance Governance Committee – Minute of Meeting
Thursday 20 January 2022
Via Microsoft Teams**

1.0 Attendance

Present: Non-Executive Members

Bob Martin (Chair)
Ewing Hope
Adrian Carragher
Linda Semple

Board Advisor/Ex-Officio

Claire Burden	Chief Executive
Kirstin Dickson	Director for Transformation & Sustainability
Derek Lindsay	Director of Finance

In Attendance: Shirley Taylor | Committee Secretary (Minutes)

1.1 Apologies

Apologies were received from Lesley Bowie, Laura Brennan-Whitefield and Marc Mazzucco.

Claire Burden, the new Chief Executive was welcomed to the meeting.

2. Declarations of interest

Linda Semple noted a potential declaration of interest with the National Treatment Centre item on the agenda.

3. Minutes of the previous meeting – 02 November 2021

The minutes were approved as an accurate record.

4. Matters Arising

4.1 Action Log

It was noted that the Waiting Times internal audit is still in progress. No further updates were received.

- 4.2 Committee Workplan
The Workplan was received for information, no revisions to this were required.

5. Capital Cases and Programmes

- 5.1 National Treatment Centre Update
The Director of Finance provided some background to explain the overall position. Last year the Scottish Government asked about the potential purchase of a specific facility in Ayr to be used as a treatment centre for elective work. This would provide the opportunity to repatriate some activity from Golden Jubilee and provide additional capacity for the backlog of orthopaedic work. A Strategic Initial Agreement was submitted to the Scottish Government Capital Investment Group on 13th October 2021 following agreement by the Performance Governance Committee on 2nd September 2021 and the NHS Board on 4th October 2021. The Strategic Initial Agreement was approved and an accelerated process with a modified governance approach to the outline business case was agreed meaning only the option appraisal within the economic case was required.

An update paper showing progress to date was considered and it was noted that an evaluation was underway with a range of different possibilities being considered.

A workshop has been arranged whereby participants are asked to evaluate the different options presented. The purpose of the workshop is to describe various options and asking participants to evaluate options. There is reasonable representation of both patients and/or service user involvement in the workshops given the pace of work. There are a wide range of staff involved as part of the overall engagement process and different communication routes are being used to keep staff involved.

Ongoing work has included the appointment of Balfour Beatty as the principle supply chain partner, they are currently working to develop a range of options and designs. Scottish Government have supported advanced appointments of two Orthopaedic Surgeons and an extra five theatre nurses. It was noted that Scottish Government have also agreed to fund the capital costs.

The plan thus far is to complete the option appraisal by mid-February 2022 with the Economic Case, inclusive of revenue and capital costs, to come to the March 2022 meeting.

In terms of equality and diversity an impact assessment has not been completed however a draft is available for review by the project group. An engagement session has taken place with Healthcare Improvement Scotland who have acknowledge an expansion to current services as opposed to a major service change, it is therefore anticipated that the level of consultation will not be as extensive.

A committee member raised a question with regard to representation of service users and where the process is now in the public domain. It was explained that there are a number of factors to be considered when the information is made

public, such as engagement with staff, and as such the process is still being treated as confidentially as possible.

Outcome: The committee received the update on progress

6. Financial and Service Management

6.1 Presentation on Modelling Data

The Director for Transformation and Sustainability gave a presentation on modelling data and advised that whole system modelling was introduced as a Scottish Government project in 2020 as a joint commission between Public Health Scotland and Cap Gemini. NHS Ayrshire and Arran along with NHS Borders were early adopters of the system developing their own approach from the overarching NHS Scotland model. Not all Boards have chosen to adopt the system. Extensive work has gone into developing the model to suit the needs of the organisation due to variations across boards.

The model provides a 12 week forecast of demand and capacity to allow for some assurance on our position. It looks at elective, unscheduled care and covid forecasts and can be run over real time periods using local scenarios and seasonality. Scenarios can be tested for best, central and worst case scenarios such as covid capacity against bed utilisation. As testing is based on local assumptions, emergency activity data is 95% of the 2019 baseline activity due to current ED attendances not being as high as pre-pandemic. Not all specialties are included depending on whether there is ring fenced beds available. Current forecasting is tracking against the worst case scenario since the introduction of Omicron. The system also provides a variety of graphs and tables depending on the output required.

The SEIR profiles are national covid profiles which give an indication of where covid activity is likely to go. Tracking the worst case scenario forecasts show that a peak will be reached around the end of January/beginning of February. By running this data against elective and unscheduled capacity we can look at bed occupancy rates for both standard and surge beds. This allows for plans to be made to manage patient flow against expected demand.

Data is updated and has recently been shared with both the Emergency Management Team and Resilience Partnership groups on a weekly basis.

The Performance team have been involved in this work since 2020 and weekly meetings take place with the national team to ensure functionality. There are currently ongoing national discussions regarding further investment in the tool and making greater use of it.

The committee agreed this a useful tool to assist with predictions and planning however concerns were raised over the worst case position and the lack of beds available. It was noted there are a great number of factors contributing to this such as delayed discharges and additional covid beds. The Director of Transformation of Transformation and Sustainability agreed to circulate the presentation to the committee for information.

Action: Kirstin Dickson

Outcome: The committee received the presentation

6.2 Financial Management Report – Month 8

The Director of Finance provided the Financial Management report to 30th November 2021. The overall position notes a £3.2 million overspend. The three main factors which contribute to this deficit are medical agency spend, unachieved cash releasing efficiency savings (CRES) and an increase in spend for new medicines.

As at the end of November 2021 Acute services are showing a £1.2 million overspend, the biggest element of this being unachieved CRES of £2.4 million. An overspend of £1.5 million can be seen against the annual budget for medical staff. It was noted that medical agency spend has almost halved since a peak of £9.5 million in 2016/17. Work contributing to this improvement include the introduction of direct engagement saving 20% VAT on agency, reduced Consultant vacancies. Best medical workforce was also established and the organisation recruited over 100 Clinical Development Fellows who could be utilised to cover service gaps and use of the Glasgow Medical bank for Junior staff has increased. It was found that medical agency spend has increased again over the previous three quarters due to additional locums to assist with Covid and increased Consultant vacancies as well as increased rates per hour.

With regard to the New Medicines Fund an overspend of £2.3 million is forecast for the year against a budget of £15.4 million. An extra £4 million was invested in both 2019/20 and 2020/21 from the general allocation uplift however costs of new medicines which are approved by the Scottish Medicines Consortium are rising faster. A recurring pressure has been identified due to a reduction in Scottish Government New Medicines Fund from £5.8 million to £3.6 million which will require to be considered for the forthcoming year's budget.

Outcome: The report and presentation for the period to 30th November 2021 was noted

6.3 Performance Report

The Director for Transformation and Sustainability presented the routine performance report which shows targets from annual operational plans and remobilisation plans and sets out performance against these targets. The position shown is at November 2021 which precedes the Omicron variant.

It was agreed that data would be included in terms of Covid to show varying levels of activity, impacts on both the community and hospital setting and time delays between increases in community activity and later increases in hospital activity.

Planned care looks at remobilisation of services as well as performance against national benchmarking data. It was noted that the planned care position has been impacted due to a pause/reduction of services in response to challenges of both covid and unscheduled care. Actions underway to mitigate planned care performance deterioration include services such as Ophthalmology, which have

ring fenced resources, have been maintained. This is a collective problem across the whole country due to finite resources and significant backlogs however discussions are ongoing with Scottish Government colleagues to communicate challenges and utilise opportunities to bring services back in line.

In terms of unscheduled care, lengthy discussions have taken place with regard to performance challenges over last couple of years. A&E attendance is lower than pre pandemic, however there are other factors which are impacting on the numbers such as care home outbreaks and community transmission which impacts discharging patients, creating flow issues and long waits. Hospital staffing resources are stretched due to both sickness absence and the number of additional beds. Additionally Infection Control measures with regard to hospital outbreaks and bed closure creates delays and flow issues. People waiting longer for elective procedures can result in increases in emergency treatment, longer stays and more complex cases.

Outcome: The committee received the performance report

6.4 Delivery Plan Month 8 Report

The Director for Transformation and Sustainability advised that the Board has created a delivery plan setting out programmes of work that are priorities for the year. A report was shared which gives an updated position for month 8 of the commissions and programmes.

It is anticipated that a Delivery Plan for 2022/23 will be progressed over the coming weeks and a draft will be available for the Board Workshop in February which is aligned to the revenue plan. Unfortunately due to system pressures some of this year's commissions and programme will be taken forward to be progressed in the coming year. One particular commission of note is Achieving the Healthiest Life Possible for Everyone in Ayrshire and Arran: Rethinking the Value of Medicines. This commission is now complete and work is now progressing to the implementation phase.

Regional work in terms of Caring for Ayrshire has not been able to progress due to current restraints, however there is now an opportunity to recruit extra analytical capacity to ensure this work is progressed. Assurances can now be given that this can be downgraded from red to amber status with work being progressed over the next few months.

Outcome: The Committee noted the delivery plan report

6.5 Remobilisation Plan 4

The Director for Transformation and Sustainability shared the Remobilisation Plan 4 for information.

Outcome: The committee received the plan

7. 2022/23 Budget

7.1 Allocation letter following draft Scottish budget
The Director of Finance circulated the allocation letter following the Scottish budget and advised that the funding uplift for 2022/23 is a baseline uplift of 2% along with further support uplift of 0.56% due to the increase in national insurance costs from April 2022.

A 2.6% increase was noted for NHS Ayrshire and Arran however compared to the Retail Price Index of over 7% and the Consumer Price Index of 5.4% this uplift is significantly lower. It was noted that the general allocation uplift is expected to cover pay, prescribing and supplies inflation. Scottish Government has agreed to top up any difference between the public sector pay policy and the Agenda for Change pay award but not for the medical and dental pay settlement.

A recommendation was made in the Feeley report that adult social care staffing wages should be increased in order to attract and retain staff. Due to this there has been over 10% increase in the minimum rate per hour to £10.50 over the last year. This utilises the majority of the Health and Social Care increase of £554 million and will be funded to councils.

In contrast the allocation letter shows a funding uplift for all territorial boards of £303 million. The priority areas for Scottish Government funding uplifts are Primary Care, Waiting Times, Mental Health and Drug Deaths, which receive earmarked funding.

Not much information on Covid funding is contained in the letter. Funding for contact tracing is in place until the end of September 2022. An initial £30 million was provided for covid vaccinations for 2022/23 to support the recruitment of staff recurrently. Point of care testing is present at the front doors which requires a recurring investment for labs and staffing of the points. Only non-recurring funding has been received for this so far which is a risk to be noted.

The bottom line figure is a total funding uplift £20.3 million extra for the next year, of which £5.78 million is a pass through to IJB's.

Outcome: The committee received the allocation letter

7.2 Pay and supplies cost pressures
The Director of Finance noted that although there is a £20.3 million funding uplift, there are around £30 million of unavoidable pay and supplies cost pressures and £13 million has been identified as cost pressures in medicines resulting in an imbalance between the funding uplift and cost pressures. The pay and supplies group will continue to meet to develop these figures further.

Vascular and Trauma and Orthopaedics were implemented during 2021 therefore only partly funded from last year's budget however the remainder requires to be funded in 2022/23. There is some uncertainty with regard to robot assisted surgery, discussions are ongoing with regard to this and an agreement has still to be reached. In terms of staff wellbeing an agreed investment of £500k for Psychology services and support staff was covered by covid funding non recurrently this year however this will require to be funded ourselves next year.

A development required due to covid is for 11 whole time equivalent point of care testing staff located at the front doors. The cost for this would be an extra £500k with ongoing costs associated with Covid and laboratory testing.

With regard to Microsoft Office, over £1 million was funded non-recurringly in 2021/22 which remains a cost pressure. A budget of £500k was created due to reductions in travel however total expected annual costs for Office 365 licences exceed £2 million.

In terms of non-clinical supplies, inflation has a huge impact PFI costs as well as the cost of gas, electricity and food. Capital charges will require to be incurred for depreciation of Electromedical Equipment.

Outcome: The committee noted the draft cost pressures for pay and supplies

7.3 Prescribing Cost Pressures

The Director of Pharmacy attended the meeting to provide an update on cost pressures related to prescribing as recommended by the Realistic Medicines Effective Prescribing Group (RMEPG). Budget proposals are submitted to the group on a yearly basis to estimate what medicines are required within the organisation for the year ahead. Cost are split into three overarching areas, primary care, acute care and new medicines. The additional funding requested for 2022/23 is at a total of £13.7 million however it is hoped this can be reduced across some areas.

£5.6 million has been requested for GP prescribing due to the volume of prescribing and cost of medicines which can vary dramatically. It is anticipated that the volume of prescribing will grow by around 2% over the course of the year with the cost of medicines being 2.5% higher by next year.

In terms of Acute care, an ask of £1.6 million has been submitted, the vast majority of this being a forecast overspend of £1.1 million this year. It is thought this could be due to the additional beds within acute services so consideration will be required whether this is required for 2022/23. The remainder is due to new medications which are coming into use and anticipated to be used more frequently in the future. Cardiology, Dermatology and Respiratory are all expected to spend more than they have to date.

£6.5 million has been requested for new medicines as approved by the Scottish Medicines Consortium. These are predominantly newly marketed Cancer or Cystic Fibrosis drugs. There is a predicted overspend of £3.4 million partly due to a reduction in Scottish Government Funding of £2.2 million. Discussion took place around funding provided not keeping pace with the development of new drugs. It was noted that there is a cost consideration to some drugs however this does not apply to ultra-orphan medications which are used to treat very rare conditions.

Outcome: The committee noted the draft cost pressures

8. Committee Terms of Reference

The terms of reference was considered by the committee, no comments were made. Approved.

Outcome: The report was received by the Committee.

9. Key issues to report to the NHS Board

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

- National Treatment Centre Update
- Financial Management Report Month 8
- Pay and supplies Cost Pressure
- Prescribing Cost Pressure

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

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

No further risk issues were identified.

11. Any other competent business

11.1 Vice chair of Performance Governance Committee

The chair proposed Linda Semple as the new Vice Chair of the Committee which was agreed.

Outcome: The committee agreed a new vice chair person

11.2 Dates for 2022/23

The proposed dates for 2022/23 were considered and any changes required should be sent to the committee secretary.

Outcome: The committee considered the proposed dates

12. Date of next meeting

Thursday 3rd March 2022 at 9.30am via Microsoft Teams

SignatureDate