



**Performance Governance Committee – Minute of Meeting  
Thursday 1 September 2022  
Via Microsoft Teams**

**1.0 Attendance**

**Present: Non-Executive Members**

Bob Martin (Chair)  
Christie Fisher  
Ewing Hope  
Lee Lyons  
Marc Mazzucco  
Linda Semple

**Board Advisor/Ex-Officio**

Lesley Bowie	Chair of Board
Kirstin Dickson	Director of Transformation and Sustainability
Derek Lindsay	Director of Finance

<b>In Attendance:</b>	Roisin Kavanagh	Director of Pharmacy
	Shirley Taylor	Committee Secretary (Minutes)

**1.1 Apologies**

Apologies were received from Claire Burden.

**2. Declarations of interest**

None received.

**3. Minutes of the previous meeting – 26 May 2022**

The minutes were approved as an accurate record.

**4. Matters Arising**

**4.1 Action Log**

The action log was noted as complete with no outstanding actions.

#### 4.2 Committee Workplan

The work plan is received at every meeting with any changes marked in red to allow these to be easily identified. No comments were received on the workplan.

### 5. Financial and Service Management

#### 5.1 New Medicines Expenditure

The Director of Pharmacy attended the meeting to speak to the paper and provide some context around realistic medicines.

The Rare Conditions Medicines fund was set up eight years ago to fund new and expensive medicines and was used initially for rare conditions. Medicines are added to the list every year but do not seem to drop back off as they become more widely used. Funding is provided through the Scottish Government on an annual basis using the Voluntary Pricing and Access (VPAS) Scheme to recover excess profits from industry as new medicines are introduced. Predicted spend on new medicines is determined from information provided from the Scottish Medicines Consortium.

This year has seen £7.2 million of funding allocated to the New Medicines Fund however expected spend is £20 million and a significant overspend will be shown on the budget. An acknowledgement has been made this year that Scottish Government Funding does not meet the demand of new medicines which are only used in line with Scottish Medicines Consortium guidance and with robust processes in place for prescribing. It was noted that the majority of these medications are cancer medicines which are prescribed following West of Scotland protocols.

Discussion took place around this and it was agreed that a cost impact analysis by the SMC would be beneficial when new medicines come for approval. It was noted that consultations are ongoing with Pharmacy Directors and the Scottish Government to look at either changing the policy or the funding model to meet the demand.

**Outcome:** The committee received the paper.

#### 5.2 Financial Management Report – Month 4

The Director of Finance provided the routine financial management report and advised that the Revenue Plan for 2022/23 which was set in March 2022, showed a deficit of £26.4 million. Half of this relates to new medicines and the other half is concerning a bring-forward deficit of £13 million dating back to pre-pandemic, when there was not sufficient funding to meet expenditure. In setting the budget consideration was given to pay related increases, medicines cost increases, a £2.7 million energy price increase and an IJB funding uplift of 2.56%.

As at month 4, the Board is £9.7 million overspent. This is inclusive of a deficit of £3 million in Acute services due to unachieved CRES, an overspend in medical pay and drug costs, for which there is an £800,000 overspend.

The biggest two risk areas have been identified as Covid related expenditure and increasing pay awards. In terms of Covid expenditure, extra funding was provided over the past two years to cover extra covid costs related to vaccination programmes, contact tracing and additional hospital beds. The Scottish Government have advised

that extra funding is not being provided in 2022/23. With regard to pay awards it is still not known what the pay settlement will be. A provision of 2% has been allocated within the budget however an offer of 5% has been rejected by unions. It is hoped that Scottish Government will fund the difference.

Regular meetings are taking place with the IJB's and Senior Finance Officers to identify some of the reserve which can be utilised to assist with ongoing covid costs.

**Outcome:** The committee received the paper.

### 5.3 Covid Expenditure 2022/23

The Director of Finance provided an update on Covid expenditure for 2022/23. Around 200 WTE staff were recruited to deliver the vaccination programme. This will be ongoing. Staff were employed on fixed term contracts for contact tracing. This ceased in May 2022 however staff had contracts until September 2022. Most of these staff members have been redeployed to other departments to fulfil the remainder of their contracts. Extra wards and beds have been opened in acute hospitals, a lot of which are being staffed by agency and/or bank staff. Plans are in place with a plan to close 90 beds by end of November however this is delayed due to the number of covid positive patients requiring isolation as well as beds being closed due to infection prevention and control measures as well as delayed discharges.

A letter was received from Richard McCallum on 25 February 2022 requesting that funding of over £36 million to Ayrshire IJBs must be carried forward by the IJBs and used to support the continuation of covid costs. Discussions are currently taking place to see how some of this funding can be used to support our ongoing costs, however there is a risk that only £16.5 million to £18.5 million will be available for health board costs.

**Outcome:** The committee received the paper.

### 5.4 Priority Programme Plan for 2022/23

The Director of Transformation and Sustainability gave a report to provide assurance to the committee that systems and procedures are in place to monitor and manage the four Priority Programmes for 2022/23. Agreement was made that this year four areas of priority would be chosen instead of applying a directorate percentage cash releasing efficiency saving with progress being monitored by the Programme Management Office.

The four priority areas are as follows:

- Right sizing the Workforce
- Right Sizing the Bed Footprint
- Distributed Working Group and Estates Rationalisation
- Electronic Patient Record and Records Management

Each priority area is being led by a Director Working Group who reports regularly on actions and updates the Chief Executive of progress on a monthly basis.

**Outcome:** The committee received the paper.

## 5.5 Performance Report

The Director of Transformation and Sustainability provided the routine paper which sets out where we are in relation to key performance metrics for planned and unscheduled care, progress against national targets and benchmarking against other boards. Over the past year information has been included on covid activity due to this having an overall impact on how performance is managed in most areas. The paper identified a rapid increase in covid cases within acute services in early June where we reached a peak of 183 people in hospital with covid. This has an ongoing financial impact due to numbers in hospital still being high and infection prevention and control measures being put into place.

With regard to both planned care outpatients and elective inpatient and day cases there have been huge impacts on waiting times due to restrictions resulting in reductions in appointments and the redistribution of staffing resources. Recovery plans are in place to try and recover services and move towards pre-pandemic levels of activity, however there remains a big backlog.

An update on Diagnostic services reported delays due to infection control, social distancing, staffing and space resources which had an overall impact on capacity. Actions are in place for changes to service models in order to increase both capacity and activity. A request has been made to Scottish Government for funding to support planned care services. We are awaiting confirmation of national funding.

Variable performance can be seen in some services across Mental Health services particularly CAMHS, Psychology and Drug and Alcohol Treatment Services due to restrictions however some working practices have changed to accommodate this and recovery work is underway. Improvements to these services are expected in the near future.

With regard to Acute Services, there is an ongoing need to manage varying levels of covid activity. High occupancy levels can be seen with extended lengths of stay. In part this is due to complexity of care, high occupancy within hospitals, extended lengths of stay, but also due to patients waiting longer to be discharged owing to the impact of covid within the community setting. Increases can be seen in ED waiting times particularly with regard to four hour compliance however a similar picture can be seen across the country. Lots of work is ongoing in order to improve this position across the acute sector in partnership with Health and Social Care colleagues.

**Outcome:** The paper was received by the committee.

## 5.6 New Planned Care Targets

The Director of Transformation and Sustainability shared a letter from the Chief Operating Officer to advise of new targets being put into place to prioritise long waits for planned care across Scotland. As part of this we have been asked by Scottish Government to set out how we will expect to provide certain aspects of service delivery.

Progress is being made towards remobilising activity to pre-covid levels. Targets have been designed to tackle those patients who have been waiting the longest,

prioritisation measures have been in place throughout Covid to manage the most urgent cases however the focus is now on treating those who are now becoming a priority due to the length of time on the waiting list. Patients will be reviewed to reassess their level of urgency whilst we look to maximise capacity, where possible, across the organisation.

Discussion took place and concerns were raised regarding adding pressure to a system that is already very pressurised. It was felt that staff morale would also be affected if targets cannot be achieved. The committee also felt it was important that a response is given to advise that it will be very difficult to meet the targets set however every effort will be made to work toward these. It was agreed that performance information for August and September would be shared to show a more complete picture.

ACTION: Kirstin Dickson

**Outcome:** The paper was received by the committee

#### 5.7 Annual Delivery Plan 2022/23 (Verbal Update)

The Director of Transformation and Sustainability advised that board members received an initial copy of the draft delivery plan prior to submission to the Scottish Government. A delivery plan is produced on an annual basis however this year Scottish Government have asked that we set out our expectations for 2022/23 in terms of key priorities defined by what will be achieved and where we envisage issues in achieving priorities. The draft plan has been submitted to the Scottish Government and once approved, will go through our own governance processes.

A follow up meeting took place with Scottish Government recently and no issues were highlighted with the draft. It is hoped the approval letter will be received within this month.

**Outcome:** The committee received the update

#### 5.8 3 Year Financial Plan

The Director of Finance shared the draft 3 Year Financial Plan and advised that this was the first attempt at a plan since before the pandemic. Discussions are currently ongoing with Scottish Government and the plan will be refined as discussions take place. The main area to highlight is the continuation of the financial deficit however a slight improvement can be projected year on year. The ability to achieve CRES is also proving very difficult however all territorial boards are projecting a financial deficit this year.

The report highlights the 9 essential building blocks for delivering sustainable health services. Efficiency opportunities need to be identified along with right sizing the workforce and bed footprint by closing unfunded extra beds and reducing agency usage. It was agreed that the target is challenging but provides a clear focus.

**Outcome:** The committee received the paper

5.9 2023/24 Budget Setting Process

The Director of Finance presented the Budget Setting Process paper which sets out the proposed budget setting process for 2022/23. A variety of groups have been tasked with identifying cost pressures. The Realistic Medicines: Effective Prescribing Group will seek to advise of prescribing pressures. The Pay and Supplies Group will look at all pay and inflation in terms of cost pressures and the Right Sizing the Workforce Group will look at the required staffing resource. The paper will be presented to the CMT and updates will be provided at future PGC and Board meetings with regard to funding required for next year.

**Outcome:** The committee received the paper.

6. Risk Register

6.1 Strategic Risk Register

The Director of Finance advised that the Strategic Risk Register is presented to the committee at each meeting to provide the committee with an update on the risks for which it is responsible.

**Outcome:** The committee received the updated risk register

7. Key issues to report to the NHS Board

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

- New medicines Fund report
- Planned Care Waiting Times Targets
- Three Year Financial Plan 2022-23

**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

The committee agreed that the new Planned Care Waiting Times Targets may be classed as a reputational risk to the organisation. Discussion took place and it was felt that there may be other risks that cover aspects of this such as data and reporting and waiting times and delivery. The Director of Transformation and Sustainability agreed to pick this up with the Assistant Director of Health, Safety and Risk to ascertain the level of detail required.

ACTION: Kirstin Dickson

9. Any other competent business

None noted.

10. Date of next meeting

Thursday 3<sup>rd</sup> November 2022 at 9.30am via Microsoft Teams

Signature .....Date .....