

**Performance Governance Committee – Minute of Meeting
Thursday 19 January 2022
Via Microsoft Teams**

1.0 Attendance

Present: Non-Executive Members

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

Board Advisor/Ex-Officio

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| Claire Burden | Chief Executive |
| Kirstin Dickson | Director of Transformation and Sustainability |
| Derek Lindsay | Director of Finance |

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| In Attendance: | Rob Whiteford | Assistant Director of Finance |
| | Shirley Taylor | Committee Secretary (Minutes) |

1.1 Apologies

Apologies were received from Lesley Bowie.

2. Declarations of interest

None received.

3. Minutes of the previous meeting – 03 November 2022

The minutes were approved as an accurate record.

4. Matters Arising

4.1 Action Log
All actions were noted as completed.

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.

Outcome: *The committee received the update.*

5. Internal Audit Reports

5.1 PMO (Part 1)

The Director of Transformation and Sustainability gave an update on the internal audit which was carried out as part of the scheduled audit programme for 2022/23. The scope of the audit tested the controls in place around the Programme Management Office (PMO) and how it is supporting the four priority programme areas. The audit has been split into two parts. Part two will consider whether savings and efficiencies associated with the four programme areas will be delivered in year, this part of the audit is currently underway and is expected to be presented to the Audit and Risk Committee before the end of the financial year. The part one review identified two medium rated, five low rated and one improvement action, work is ongoing to complete these actions however some timeframes have slipped. It is anticipated all actions will be completed within the next month.

A committee member expressed concern that the Equality Impact Assessments had not been completed for any of the programmes. The committee were assured that draft assessments have been completed which would be reported back through the Programme Board and an update would be provided to the committee once the actions are completed. Part two of the audit will also be presented to the committee upon completion, for monitoring of actions.

Action: Kirstin Dickson

Outcome: *The committee received the paper.*

6. Financial and Service Management

6.1 Financial Management Report – Month 8

The Director of Finance presented the Financial Management Report and noted a £19.6 million overspend for the eight months to 30th November 2022. Discussion took place with regard to covid related costs and staffing the extra beds in acute at a cost of £12.5 million. This is largely covered this year from funding from Scottish Government of money recycled from the IJBs however there will be no additional funding available for the extra acute beds next year.

At month 8 there is a £7.6 million overspend on the new medicines fund which contributes to the deficit, as does nursing agency spend which has been increased to around £1 million each month due to the additional beds, sickness absence and nursing vacancies.

Discussion took place around the number of acute beds occupied by patients whose discharge has been delayed due to lack of care at home capacity in South Ayrshire. It was noted that extra funding will be requested from South Ayrshire IJB

to cover costs for those patients remaining in acute services. There have been significant challenges with recruitment of home care staff across the system.

The Chief Executive provided assurance that weekly discussions are taking place with Scottish Government with regards to the shortfall in investment.

Outcome: *The committee received the report.*

6.2 Clinical Negligence and other Risks Indemnity Scheme (CNORIS)

The Director of Finance presented the paper which showed the cost to NHS Ayrshire and Arran for participating in CNORIS. This is a risk sharing mechanism to ensure that the cost of clinical negligence settlements are shared across all boards. The committee heard that the boards annual premium has been inflated due to previous spikes in the settlement history. Our current budget is £3.5 million which is sufficient for our share of £50 million national settlements however national settlements in the last two years have exceeded £60 million.

Outcome: *The committee noted the risk as set out within the paper.*

6.3 Performance Report

The Director of Transformation and Sustainability provided the up to date Performance Report showing the data for December 2022. From the report and previous discussions it could be seen that the system is under significant pressure due to capacity challenges, sickness absence rates across the system as well as increasing cases of Covid, Flu and other respiratory infections which are affecting both staff and patients across all of health and social care.

Particular challenges can be seen in unscheduled care. Although ED attendance is still lower than pre-covid levels there are sicker patients and difficulties in maintaining ED standards with regard to four hour waits, with flow within the hospital being affected by delayed discharges from wards. Intervention work is taking place across the system in an attempt to improve flow where possible.

New Scottish Government targets have been put in place for outpatients, inpatients and day cases in an attempt to eliminate long waits. There is still a great deal of pressure across some diagnostic services who are still working through a backlog due to covid.

An update was provided on Mental Health and it was noted that the position in CAMHS has improved considerably in terms of referral to treatment timescales.

The committee were advised that planned surgery has been paused for a three week period 9 January 2023 in an attempt to free staffing and bed capacity for unscheduled care demand. At the end of the three week period a review will be carried out by the Emergency Management Team to ascertain if this should be continued further.

Outcome: *The committee received the paper.*

6.4 Priority Programme Plan for 2022/23 - Month 9 Update

The Director of Transformation and Sustainability provided the routine update report on the four priority programme areas, which were agreed by the Corporate management Team as the focus for 2022/23, in order to assist in delivering the aims of the organisation. Issues have been identified with delivering key areas of work across and significant slippage has been identified across all programmes. Assurance was provided that progress of the plan will be monitored by the Programme Management Office and reporting monthly to the Corporate Management Team.

Outcome: *The committee received the paper.*

6.5 Annual Delivery Plan – Quarter 2 Update

The Director of Transformation and Sustainability provided an update to the committee on the quarter one and quarter two Annual Delivery Plan returns to the Scottish Government for awareness.

It is anticipated that the new Annual Delivery Plan for 2023/24 will be requested for submission by the summer of 2023.

Outcome: *The committee received the update.*

7. 2023/24 Budget

7.1 Allocation Letter following the Draft Scottish Budget

The Director of Finance presented the allocation letter which was received following the draft budget on 15 December 2022 and noted that the committee would be involved in the budget setting process for 2023/24.

The letter advised of a baseline funding uplift of 2% for the coming year. The committee heard that the public sector pay policy for 2023/24 has been delayed due to the ongoing pay negotiations. Funding was allocated in 2022-23 to assist with the national insurance levy for health and social care which was abolished in the mini budget giving about 0.6% benefit to the budget.

In terms of covid funding it is anticipated that allocations will be received for the vaccination programme and a small amount for test and protect and PPE however funding will not extend to cover the additional beds.

Outcome: *The committee noted the content within the letter and presentation.*

7.2 Pay and Supplies Cost Pressures

The Director of Finance provided initial estimated costs for 2023-24 of £34.2 million. In terms of pay and supplies a number of the costs are unavoidable. The figure provided for IJB pass through is based on 2% of the baseline budget for IJBs. It was noted that IJBs cannot be considered when looking at CRES due to having their own cost pressures.

In previous discussions with CMT it was agreed that investment was required in both the Public Protection and Medical Physics teams due to risks within these services. It was also agreed that enhanced cleaning regimes must remain across ED and CAU for both sites. Prior commitments also require to be taken into account in terms of eHealth including the cost of Microsoft Office 365 but also upgrades to systems including Trakcare and Laboratory Information System.

The committee were advised that following tendering of the external audit service fees have been increased by 25%, this is currently being challenged.

A CMT session has been arranged for 24th January 2023 in order to discuss the budget in detail. Further discussion will take place at the board workshop on 16 February and revised cost pressures will be brought back to the Performance Governance Committee in March 2023.

Outcome: *The committee received the draft cost pressures.*

7.3 Prescribing Cost Pressures

The Assistant Director of Finance was in attendance to present the draft medicines required budget for 2023/24. The budget provided for 2022/23 was £108 million which excluded new medicines and equates to 10% of the Boards overall budget. Due to overspends in both hospital and primary care as well as medication price increases it is anticipated that the budget for 2023/24 will require to be increased by around £17.5 million.

Work is ongoing by the Realistic Medicines Effective Prescribing Group to forecast the price per item in order for the budget to be more accurate. It is anticipated that there will be on average 12% price increase during 2022/23.

Outcome: *The committee received the draft cost pressure paper.*

8. Committee Terms of Reference

The terms of reference were considered and no changes were suggested. The committee were content for this to go forward to the NHS Board.

Outcome: *The committee were content with the Terms of Reference.*

9. Key issues to report to the NHS Board

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

- Financial Management Report
- CNORIS
- Pay and Supplies Cost Pressures
- Prescribing Cost Pressures

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

Nothing raised.

11. Any other competent business
No other business was received.

10. Date of next meeting

Thursday 2nd March 2023 at 9.30am via Microsoft Teams

SignatureDate