

**NHS Grampian (NHSG)  
Minute of the Performance Governance Committee  
Wednesday 15th June 2022 14.00-16.00  
Microsoft Teams Meeting**

**Present**

Rhona Atkinson, Non-Executive Board Member, NHS Grampian (RA) (Chair)  
Luan Grugeon, Non-Executive Board Member, NHS Grampian (LG)  
Derick Murray, Non-Executive Board Member, NHS Grampian (DM)  
Ann Bell, Non-Executive Board Member, NHS Grampian (AB)  
Dennis Robertson, Non-Executive Board Member, NHS Grampian (DR)  
Albert Donald, Non-Executive Board Member, NHS Highlands (AD)

**In Attendance**

Professor Caroline Hiscox, Chief Executive (CH)  
Adam Coldwells, Deputy Chief Executive (AC)  
Alan Sharp, Acting Director of Finance (AS)  
Sarah Duncan, Board Secretary (SD)  
Paul Allen, Director of Infrastructure & Sustainability (PA)  
Pamela Lowbridge, Senior Specialist Analyst (PL)  
Pamela Wight, (PW) (Minutes)

Item	Subject	Action
1	<p><b>Welcome</b></p> <p>Rhona thanked everyone for attending.</p> <p><b>Apologies from Committee Members</b></p> <p>Lorraine Scott, Director for Planning, Innovation and Programmes. Kate Danskin, Performance Lead, NHS Grampian. Tracey Coyler, Councillor, NHS Grampian.</p> <p>Prior to starting the meeting, Rhona advised item 3 of the agenda will be teams recorded.</p>	
2	<p><b>Minute of Meeting Held on 20<sup>th</sup> April 2022</b></p> <p>The Committee reviewed the minutes from the meeting held on 20th April 2022 and clarified the following:</p> <p>On page 5 of the previous meeting minutes, it was noted that IJBs are likely to have significant reserves by the end of March 2022 (around £80m). Derick Murray’s understanding is that the £80m is earmarked for Scottish government projects and not available to health boards.</p>	

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	<p>Alan Sharp advised NHS Grampian is still waiting for the final figures from the IJBs for the last financial year, but they are expected to have reserves of approximately £110m at the end of the financial year. Most of the funds are earmarked for specific purposes. The IJBs each have a general reserve, which can be used for anything but must be used by the IJB. NHS Grampian works closely with the IJBs about how the funds will be deployed on a system-wide basis but cannot requisition them.</p> <p>Page 13 of the previous minute noted the board's visibility and Derick Murray inquired if there were suggestions for improving it. Sarah Duncan informed the committee that a discussion had taken place about how board members can be more visible. It is possible that board members and non-executive members will become more involved with the Star Awards. Sarah also advised visits can be quite complicated to arrange since executive directors may also attend and schedules can change at short notice and options to link non executives into visits are being explored, noting that it may not always be appropriate to invite non-executives to accompany executive directors. An update will be provided at the monthly non-executive informal meetings.</p> <p>Page 9 of the previous minute noted - Luan Grugeon asked what learning is available about changing patterns of behaviour and how people access health care.</p> <p>Caroline Hiscox advised that there are questions on whether people are adapting their approach to accessing care because of need or because they fear that the usual routes to access care aren't available. NHS Grampian does not have data that shows how people access general practice or other community services.</p> <p>In regards to unscheduled care, work is being done which is part of the unscheduled care programme board. Work is also being done to assess accessibility to hospital emergency departments and medical centres within particular localities for high intensity users</p> <p>Caroline Hiscox has asked Pam Lowbridge to pick this up with Sandra Macleod and provide an update on the work about access to services for high intensity users at the next meeting on Wednesday 17<sup>th</sup> August 2022.</p> <p><b>Action</b> Pamela Lowbridge and Sandra Macleod will provide an update on access to general practice and other community services at the next meeting on Wednesday 17<sup>th</sup> August 2022.</p> <p><b>Minutes from 20th April 2022 were approved by the Committee.</b></p>	
3	Items Discussed	

Item	Subject	Action
3.1	<p><b>Planning for implementing the renewed Terms of Reference in August 2022:-</b></p> <p><b>The Committee members views</b> Rhona Atkinson advised that this discussion is about how the committee how would seek assurance for the remit outlined in the terms of reference, not the content of the terms of reference.</p> <p>The committee must consider risk, implications and impacts of decisions as well as failures against decisions.</p> <p>The Chief Executive wants to ensure that NHS Grampian has robust assurance of performance, finance, and infrastructure, that it holds itself collectively accountable, and that in particular this committee understands patterns, performance, and milestones against the delivery plan.</p> <p>The strategic direction set out in the new Strategic Plan needs monitored to see how the organisation is achieving or not achieving the aims of the plan.</p>	
3.2	<p><b>Infrastructure</b></p> <p>Paul Allen summarised the slides in the meeting pack. He advised he has been reviewing the structures and determined that the Infrastructure Oversight Board and the groups that sit under them – Sustainability, Asset Management Group and Digital Transformation Group, each with an executive lead - will feed into this committee.</p> <p>Visibility of the challenges NHS Grampian is facing in terms of risk, assurance, and implementation of infrastructure plans is important.</p>	
3.3	<p><b>Finance</b></p> <p>Alan Sharp referred to the terms of reference and emphasized that there are two aspects to the finance section, in paragraphs 2.3.1 and 2.3.2. The performance committee has had responsibility to exercise the financial oversight role for Grampian, unlike other Boards which have had separate finance committees.</p> <p>Firstly, the committee, will focus on effective management of the board's finances. The board would receive regular financial monitoring reports and its medium-term financial strategy. The new Director of Finance Alex Stephen will want to freshen up the regular financial monitoring report.</p> <p>The second aspect is the link between the Plan for the Future and the medium-term financial strategy, receiving reports on how the</p>	

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	<p>organisation is using its financial resources to further the aims of the Plan for the Future.</p> <p>The committee might also wish to consider reviewing any financial plans submitted to the Scottish Government, including various transformational projects, e.g. rostering or the HEPMA pharmacy system.</p>	
3.4	<p><b>Performance</b></p> <p>Caroline advised there is now an opportunity to refresh performance reporting to address any gaps and variations. During the pandemic the organisation’s objectives were very focused and assurance has come from the executive team.</p> <p>A performance assurance framework is being created, which fits into the new committee structures, portfolios, and future plans. A gradual transition will be made from the current assurance framework to the new assurance framework. This will be an incremental process because it will be co-produced with the committee and the colleagues who will be participating. The detail of the plan is expected to be ready for sharing and discussing at the August committee meeting. A number of other health boards have been contacted to look at their performance assurance frameworks and performance reporting. The committee is responsible for seeking assurance and for being satisfied with the management processes around assurance, as well as setting up processes of monitoring integrated delivery plans aligned primarily to the strategic intent. Having a tiered approach to performance management has been a priority for the team, to ensure autonomy and performance at the direct care support service level, but also providing the right assurance at board level.</p>	
3.5	<p><b>Transformation</b></p> <p>The Transformation Oversight Board has settled into a good rhythm. During May, NHS Grampian refreshed their approach and are looking at pathway transformation, to collate the various projects against the strategic objectives set out in Plan for the Future to understand how the system is changing.</p> <p>Oversight of the communication and engagement group is being consolidated in one place, and health equalities and innovation will be considered in that group too, in the framework of how they contribute to and are affected by transformation.</p>	

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	<p data-bbox="305 226 381 262"><b>3.6</b></p> <p data-bbox="397 226 730 262"><b>Questions &amp; Next Steps</b></p> <p data-bbox="397 294 1299 367">Rhona Atkinson asked what would assure the executives that the non-executives are holding them accountable in a supportive manner.</p> <p data-bbox="397 399 1258 535">Caroline Hiscox said that she is assured when people reach out to her in advance to let her know they have read the papers and may have questions. This enables robust questioning that allows the executives to reflect and ensure they have covered everything.</p> <p data-bbox="397 567 1315 966">Luan Grugeon highlighted that interplay between the performance governance committee and other committees is very important since committees will be looking at the similar topics. In determining topics together, committee chairs and executives will play an increasingly important role. The golden thread of health equalities should be discussed with other chairs, as well as how they are viewed in each committee. This would avoid duplication of effort. The committee must measure what they value in order to succeed. As part of prevention and self-management, the committee must measure different things and think about how they can get assurance on these issues. It is important to ensure that everything that comes into a committee takes account of staff feedback and public feedback.</p> <p data-bbox="397 997 1266 1165">Sarah Duncan advised that a committee reporting template may be helpful because it will ensure that the main areas the committee is seeking assurance on are covered. She suggested that the committee consider what sections they would like to include in a template.</p> <p data-bbox="397 1197 1315 1470">Caroline Hiscox responded to Luan Grugeon's comments and advised when it feels difficult, members use the process measures that are easy to measure and predominantly these are for hospital delivered services. Templates may assist, but there must also be connection between our cultural work and the requirement that has been articulated loudly and clearly in the Culture Matters Survey—visibility, showing up, and demonstrating that the Executive Team cares.</p> <p data-bbox="397 1501 1274 1606">Adam Coldwells advised that a set of ten-year, six-year, three-year, and one-year outcomes have been identified, with more detail on these in the delivery plan.</p> <p data-bbox="397 1638 1307 1858">Rhona Atkinson highlighted that asset management is often raised when big decisions are being made regarding spending and it is usually evaluated on a quarterly basis. There is a lot of risk associated with the buildings and uses of them, and the amount of work to make them suitable. The committee needs to understand this and link it to the strategic plan.</p>	

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	<p>On finance Rhona Atkinson agreed with Alan Sharp's suggestion to establish a quarterly review of the medium-term financial strategy and monitor performance against it and that the committee should review the ad hoc financial plans submitted to the Scottish Government, although the changes would most likely be retrospective after submitting,</p> <p>Derick Murray asked how does the committee determine if they are going in the right direction based on the budget?</p> <p>Alan Sharp reported that this will be based on investment in the priorities outlined in the delivery plan. Regular updates on our savings program will be included in the normal Finance Report. In terms of sustainability and decarbonisation, a regular update is available with a lot of that expenditure through infrastructure programmes.</p> <p>Rhona Atkinson asks the committee only to focus on what the spending is achieving.</p> <p>Sarah Duncan asked about the visibility of transformation projects and asked if there could be a list of all the programmes and then exception report the higher risk projects in terms of delivery, finance, or workforces to the committee. The committee's primary responsibility could be to determine what should be included on the exception list</p> <p>Caroline Hiscox advised there will be a very clear transformation work plan that will be available to understand the breadth and scope of programs that are underway.</p> <p>Paul Allen advised that he needs to have a further conversation with Adam Coldwells around transformation versus the infrastructure plan and come back with a proposal on how they intend to proceed.</p> <p>Executives were satisfied with what had been discussed above.</p>	
4	<p><b>RMP4 Report to Scottish Government</b></p> <p>The Committee reviewed the paper provided to it</p> <p><b>Committee members discussed and asked the following –</b></p> <p>Prior to the meeting Rhona Atkinson sent questions via e-mail, and Caroline Hiscox agreed to share a written response with the committee.</p> <p>Which milestones are causing concern and how will this all be added to the new plan? A decision will be made by the lead officer on the development milestones. If they are incomplete but remain relevant, the milestones will be transitioned to the first year's delivery plan.</p> <p><b>Action</b></p>	

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	<p>Caroline Hiscox to provide a written response following the questions submitted via email from Rhona Atkinson. Response will be shared with the committee.</p> <p><b>The Committee agreed to note:</b></p> <ol style="list-style-type: none"> <li>1. The overall progress made, along with the issues/risks impacting on delivery of the RMP4 as set out in the accompanying progress report;</li> <li>2. That this report was approved by the Chief Executive Team prior to being submitted to the Scottish Government on 29 April 2022, as part of formal RMP reporting arrangements; and</li> <li>3. That the final progress report on the RMP4 will be produced for the end of July 2022. Thereafter, performance reports will focus on the Integrated Delivery Plan, set in the context of the 'Plan for the Future' – this will likely commence from end of October 2022.</li> </ol>	
5	<p><b>Performance Report</b></p> <p>The paper setting out current key indicators was submitted to PGC for discussion and scrutiny. The aim is to enable discussion on this first iteration of a new performance report and therefore to enable co-creation of this developing new format, to ensure it meets the needs of the Committee's role and functions.</p> <p><b>Committee members discussed and asked the following –</b></p> <p>The use of trends will be developed in future iterations. It is important to have a fair baseline and to use benchmarking.</p> <p>Important to note that the national indicators are not necessarily the only, or correct, marker of performance against the Delivery Plan objectives Reporting must be linked to the Delivery Plan objectives.</p> <p>The way the information has been set out was easier to understand.</p> <p>Aberdeen City IJB created an easy read of their strategy which was found helpful and suggest doing something similar.</p> <p>There is a request to look at comparative information such as where referrals were coming from and are the referral pathways similar to those pre-pandemic, or have they changed?</p> <p><b>The Committee agreed:</b></p>	

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	<ol style="list-style-type: none"> <li>1. That they are in agreement with an incremental approach to developing future versions of the Committee performance report.</li> <li>2. To note the draft PAF will be available for comments and discussion at the 7 July Board Seminar and the project plan for transitioning to an implemented new PAF will be shared and discussed at the PGC meeting 17 August 2022.</li> </ol>	
	<p><b>Finance Report</b></p> <p><b>Financial Position 2022/23</b></p> <p>Alan Sharp provided an update on the projected financial position of NHS Scotland for the 2022/23 financial year. He noted the challenging financial position being faced by the Health portfolio and potential risks around pay awards and gas prices. He also noted the high level of IJB Reserves.</p> <p>There are a number of mitigating actions that are being taken forward at a national level to deal with the financial position including work to examine Supplementary Staffing, Realistic Medicine and Clinical Variation. A national plan is also being developed to reduce Covid costs in six areas. SG Directorates are being asked to reduce allocations by 5%.</p> <p>The Scottish Government has asked all boards to identify further ways to improve the position. This will include the delivery of savings and the delivery of Covid costs within the resource envelope agreed upon.</p> <p>Alan Sharp also highlighted a number of areas which can be actioned at a local level to improve the financial position, including providing enhanced training for budget managers, achieving planned savings and effective management of supplementary staffing.</p> <p><b>Covid funding &amp; costs</b></p> <ul style="list-style-type: none"> <li>• As of end May 2022, funding for NHS Grampian Covid costs are £23.4 million. Projected costs are significantly more than this.</li> <li>• Each Health and Social Care Partnership has its own funding pot for Covid.</li> <li>• The Scottish Government will pick up the residual costs of Test &amp; Protect.</li> <li>• A total of £26 million is estimated to be spent on the vaccine programme, £10 million on staffing, £5 million on IPCT (domestic), £2 million on winter surges, £1 million on equipment, and £1 million on lost income.</li> <li>• Cost estimates need to be refreshed and an options paper is being prepared for the Chief Executive Team. There are a number of decisions</li> </ul>	



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	<p>which need to be made on options to contain Covid expenditure within the allocation provided.</p> <p><b>Resource Spending Review</b></p> <p>Alan Sharp also provided an update on the key points from the recent Scottish Government Resource Spending Review including a funding increase of 2.5 - 3% annually in the Health and Social Care budget. However, it is unclear how much of this is pre-committed to Scottish Government priorities (NCS, Drug Deaths, and Mental Health). There was also a statement requiring restoration of the public sector workforce to pre-Covid 19 levels and maintaining total paybill costs at 22/23 levels. Public bodies need to achieve recurring efficiencies of at least 3% annually. There was a focus on digital and collaboration.</p> <p><b>Committee members discussed and asked the following –</b></p> <p>What is going to be different to enable NHS Grampian to deliver transformation, change, and savings?</p> <p>Alan Sharp replied that Plan for the Future is necessary, because it makes sense to look at dealing with the root cause of ill health and focus on prevention and keeping people out of hospital as long as possible. In the short term, it is about handling the financial situation as best as NHS Grampian can.</p> <p>Derick Murray asked for more information regarding the 1% and 3% savings targets.</p> <p>Alan Sharp advised that 1% of NHS Grampian budget is £5.5 million, while 3% is circa £16.5 million, a difference of £11 million per year. Currently, there is difficulty identifying savings of £5.5 million.</p> <p>Luan Grugeon asked what support is being provided by the Scottish Government for the Pan for the Future and is there a national understanding of what NHS Grampian is achieving.</p> <p>Alan Sharp reported that Caroline Hiscox and Adam Coldwells have been working closely with the Scottish Government to ensure NHS Grampian is moving in the right direction. Positive feedback has been received from the Scottish Government on progress, but whether that will translate into financial support has not been determined yet.</p>	
7	<b>Infrastructure</b>	

Item	Subject	Action
	<p>Paul Allen summarised the main aspects of the report before the Committee, including the desire to improve the sustainability of NHS Grampian's infrastructure, disinvest from high cost buildings and have fewer buildings. There is no increase in capital spend over the next 5 years, with £60 million available each year for high risk backlog maintenance and equipment replacement. Risks include staff retirements, with a need to ensure succession planning, and the increased costs of construction, the costs of achieving the net zero commitments for new and refurbished buildings and the commitment to take all GP premises into NHS ownership by 2025. NHS Grampian takes a risk-based approach to capital investment, but currently has a £550 million backlog maintenance risk,</p> <p><b>Committee members discussed and asked the following –</b></p> <p>Herrick Murray noted that the £550 million maintenance backlog over 5 years does not include all the sustainability strategy's requirements and asked if those costs have been determined.</p> <p>Paul Allen replied that he is aware of this shortfall and is eager to develop the infrastructure and sustainability plans together to get financial support.</p> <p>Jan Grugeon suggested that future reports should demonstrate how staff views, experiences and needs are incorporated into plans as well as the public's changing demands.</p> <p>The Committee noted</p> <ul style="list-style-type: none"> <li>• The risks, constraints and policy context affecting planning for infrastructure investment;</li> <li>• The process to agree priorities for longer term investment plans on a whole system basis in line with the NHS Grampian Strategy, "Plan for the Future", approved by the Board on 2 June; and</li> <li>• The short term plans to ensure that available resource remains focused on addressing key operational risks across the Board's existing infrastructure base.</li> </ul>	
8	<p><b>Matters to highlight to NHSG Board in Chair's report</b></p> <p>The Chair's report should highlight all issues discussed during the meeting.</p>	
9	<p><b>Date of Next Meeting</b>  Wednesday 17th August 2022 14.00 – 16.00  Microsoft Teams</p>	