

Minute

NHS Tayside

TAYSIDE NHS BOARD

FINANCE AND RESOURCES COMMITTEE - OPEN BUSINESS

Minute of the meeting of Tayside NHS Board Finance and Resources Committee held at 10:46 am on **Thursday 17 November 2016** in the Board Room, Kings Cross, Dundee

Present:

Prof J Connell, Chair, Tayside NHS Board

Dr A Cowie, Non Executive Member & Chair of Area Clinical Forum, NHS Tayside

Mr D Cross, OBE, Non Executive Member, Tayside NHS Board

Mrs L Dunion, Non Executive Member, Tayside NHS Board

Mrs J Golden, Non Executive Member, Tayside NHS Board

Cllr K Lynn, Non Executive Member, Tayside NHS Board

Attending – Executive Directors

Mr L Bedford, Director of Finance, NHS Tayside

Ms L McLay, Chief Executive, NHS Tayside

Prof A Russell, Medical Director, NHS Tayside

Regular and Other Attendees

Mr M Anderson, Head of Property, NHS Tayside

Mrs A Dailly, Information Governance Manager, NHS Tayside (for items 6.6 & 8.3)

Mr N Deuchar, Senior Property Manager, NHS Tayside

Mrs J Duncan, Head of Communications, NHS Tayside

Ms M Dunning, Board Secretary, NHS Tayside

Miss A Elder, Facilitator, Clinical Governance & Risk Management, NHS Tayside

Mrs F Gibson, Head of Financial Services, NHS Tayside

Mrs L Green, Committee Support Officer, NHS Tayside

Miss D Howey, Head of Committee Administration, NHS Tayside

Mrs L Lyall, Capital Finance Manager, NHS Tayside

Mr S Lyall, Head of Finance, Operational Unit, NHS Tayside

Mr R Marshall, Representative Area Partnership Forum

Mr J Ruddy, Energy Officer, NHS Tayside (for item 6.4)

Mr M Valentine, Property Asset Manager, NHS Tayside (for item 6.7)

Mrs H Walker, Risk Manager, Clinical Governance & Risk Management, NHS Tayside

Mr P Wilde, Head of Environmental Management, NHS Tayside (for item 6.4)

Apologies

Mr G Doherty, Director of Human Resources, NHS Tayside

Councillor D Doogan, Non Executive Member, Tayside NHS Board

Mr R MacKinnon, Associate Director of Finance - Financial Services & Governance/FLO, NHS Tayside

Miss D Robertson, Representative Area Clinical Forum

Mr D Cross in the Chair

1. CHAIRMAN'S WELCOME AND INTRODUCTION

ACTION

Mr Cross welcomed all to the meeting.

Mr Cross introduced Mrs Hilary Walker, Risk Manager and Miss Adele Elder Facilitator, Clinical Governance and Risk Management, Mr Mark Valentine, Property Asset Manager, in attendance for Item 6.7 on the Agenda alongside Mr Mark Anderson and Mr Niall Deuchar and Mr Philip Wilde, Head of Environmental Management and Mr John Ruddy, Energy Officer, in attendance for Item 6.4 on the Agenda.

It was noted Mrs Linda Dunion was joining the meeting by teleconference.

2. APOLOGIES

The apologies were noted as above.

3. DECLARATION OF INTERESTS

There were no declarations of interests.

4. MINUTE OF PREVIOUS MEETING

4.1 Minute of the Finance and Resources Committee Minute – 18 August 2016

The Finance and Resources Committee Minute of the meeting held on 18 August 2016 was approved on the motion of Mrs Judith Golden and seconded by Mrs Linda Dunion.

4.2 Action Points Update

Mr Bedford spoke to the Action Points Update.

It was noted that both actions were items on the Agenda for this meeting.

4.3 Work Plan 2016/17

The Committee was asked to note the Work Plan 2016/17.

Mr Cross advised the Committee that the Work Plan 2016/17 was a working document and any suggestions or amendments from Members would be welcomed.

5. Matters Arising

There were no matters arising

6. GOVERNANCE ISSUES

6.1 Capital Report for the Period Ended 30 September 2016 (FRC61/2016)

Mrs Lyall advised the Committee of the report detailing the capital position of NHS Tayside for the period ended 30 September 2016.

Mrs Lyall referred to Table 1 of the report which compared the current capital forecast for 2016/17 with the Capital Plan which had been approved by Tayside NHS Board in May 2016. The approved Capital Plan had subsequently been included in the Local Delivery Plan (LDP) which was submitted to Scottish Government Health and Social Care Directorate (SGHSCD) in May 2016.

Mrs Lyall noted the shift of £912k between the approved and forecast Capital Plan and advised the confirmed capital funding for 2016/17 from Capital Resource Limit (CRL) was £12.258m, which included £0.468m capital grants. The September SGHSCD allocation letter had confirmed CRL of £15.099m with further allocations and adjustments anticipated.

It was noted Table 2 of the report highlighted a reconciliation of the CRL at 30 September 2016 with the September allocation letter.

Mrs Lyall advised the anticipated outturn for 2016/17 was a breakeven position and the Capital Scrutiny Group (CSG) would continue to monitor progress to ensure this target was met. The Non Added Value (NAV) revenue element of funding to support the Capital Plan was estimated at £2m for the year and would continue to be monitored throughout this financial year. Annually Managed Expenditure (AME) impairment was currently estimated at £2.3m, comprising of current year completions at £2.115m and assets under construction completions at £0.185m.

It was noted the May LDP forecasted the disposal of 16 properties with a Net Book Value (NBV) of £2.941m, with a further NBV of £0.006m identified in respect of equipment disposals. The current forecast NBV of £2.878m would be returned to SGHSCD, however, discussions would continue with SGHSCD regarding the use of asset receipts, inclusive of NBV, to assist NHS Tayside's revenue position being retained by NHS Tayside.

There was a non core CRL of £5.253m anticipated in 2016/17 in relation to asset additions from the hub investment programme to recognise the value of Assets Under Construction of revenue financed projects. It was noted this addition was in relation to the NHS Scotland Pharmaceuticals 'Specials' Service project.

Mrs Lyall highlighted the gross capital expenditure to 30 September 2016 was reported at £3.741m, comprising CRL of £3.154m and NAV revenue of £0.588m. This was comparable with the gross expenditure of £3.059m for 2015/16. The graph on page 3 of the report detailed the profile of capital spend compared to 2015/16 and the 2016/17 expenditure profile as per the approved LDP Capital Plan allowing for comparison with the actual expenditure. It was noted the 2016/17 forecast expenditure was currently in line with the 2016/17 LDP forecast spend profile and with progression of projects resulting in changes to the capital forecast, comparisons between the 2016/17 forecast and LDP forecast would become more apparent.

The gross forecast capital expenditure of £18.817m was detailed within a chart on page 3 of the report with the highest proportion of forecast gross expenditure expected on EAMS (including infrastructure projects) at 20.2% and ring fenced Radiotherapy Equipment Replacement at 20.1%. It was noted EAMS funding had been allocated to tackle infrastructure, statutory compliance and backlog maintenance issues.

The overall budget increase at 30 September 2016 was £0.875m and the net budget changes across the main expenditure headings were detailed in Table 3 with a detailed breakdown of the budget changes by project included in Appendix 3 of the report.

Mrs Lyall advised that due to other sources of funding becoming available there had been a budget increase in medical equipment. This would be managed within the overall 2016/17 CRL. It was noted other budget increases were in relation to IM&T and the recognition of the requirement for the eHealth Investment Programme in 2016/17 and Radiotherapy Replacement receiving an additional allocation from SGHSCD.

It was noted the slippage of £1.226m which had been returned to SGHSCD in 2015/16 had now been returned to NHS Tayside through allocation letters. There had been slippage of £0.45m identified in relation to the Critical Care Unit project in 2016/17 due to delays in the progression of an Initial Agreement. This slippage had been managed locally and would continue to be monitored in order to achieve a breakeven position.

Mrs Lyall advised the report identified a number of continuing issues which had had an impact on the Capital Plan for 2016/17 and would continue to impact in future years.

Mrs Lyall advised the Committee that the current national contract of telephony services was due to end in November 2017 and as a result NHS Tayside was required to replace telephony facilities throughout Tayside. It was noted tenders had initially been sent out under the assumption that the replacement would be carried out as a full managed service contract, to include equipment, and therefore be a revenue solution, however, tender returns have indicated that companies would not include equipment as part of the managed service and as a result equipment would be required to be funded through capital. A review of the tender returns and NHS Tayside requirements had resulted in re-tendering with Invitation to Tender issued to bidders on 25 October 2016, with responses due back 25 November 2016. It was noted that confirmation of capital costs was awaited and had not been included within the Five Year Capital Plan.

It was noted that work was ongoing between all parties in relation to the NHS Scotland Pharmaceuticals 'Specials' Service project to ensure financial close on the revised target date of mid November 2016 was achieved and discussions continued in relation to Bridge of Earn Surgery with project team and Integrated Joint Boards (IJBs).

Professor Connell sought clarification regarding the suggestion in Appendix 3 of the report that there was no allocation of funds in relation to Bridge of Earn. Mrs Lyall advised that in terms of work slipped into following year this would reflect in that budget.

Mrs Lyall noted the request from Mr Cross that future reporting included more information in relation to the reference "other funding" as in Table 1 of the report and more narrative around risk.

The Committee

- **Noted the content of the report**

6.2 Corporate Financial Report for the Period Ended 30 September 2016 (FRC51/2016)

Mr Bedford advised the Committee this report had been submitted to Tayside NHS Board at its meeting on 27 October 2016 and was presented to the Committee to note the position as at 30 September 2016. An update on the current position would be provided further on the Agenda.

11:00 Mrs Alison Dailly arrived.

The September position showed an overspend of £7.751m, this was noted as being £6.165m as at August 2016. The unbalanced Local Delivery Plan (LDP) was represented through proportion to date of £5.825m showing in both Integrated Joint Board (IJB) and Core Operational Unit revenue positions.

It was noted efficiency savings remained below the initial expectations at close to £1.9m. A proportionate share of the Board Contingency had been released to reflect the impact of surge beds, hard to recruit to medical posts and non compliant rotas. The sum released totalled £1.5m.

Mr Bedford advised Table 2 of the report highlighted an overspend in relation to pay of c£1.3m, this was detailed within Table 3 of the report. It was noted Whole Time Equivalent (WTE) had again fallen in the month by 22 and again mainly within Nursing and Midwifery. The appointment of a significant cohort of Newly Qualified Practitioners had commenced. This was expected to fill a substantial element of vacancies and impact positively on the external agency and bank shift requests in the second half of the year, however their deployment required to be carefully managed in order to mitigate both agency costs and reducing the level of requests for bank cover.

It was noted that Table 5 of the report highlighted supplementary costs at £10.624m as at September 2016, a graphical format was contained within Appendix 1 of the report, this showed a reduction of £110k on the same period in the previous financial year. Nursing external agency costs also reflected a 10% reduction on the same period. Tayside NHS Board had benefitted financially from the reduction in WTE employed of 220 WTE since March 2016 and an average over six months of around 175 had contributed to a reduction of c£3.2m in spend patterns.

A level of winter surge beds had remained open with a number previously closed being reopened on the Perth Royal Infirmary site due to capacity and flow issues. This had added £0.6m to the financial position at the half year period.

Mr Bedford advised prescribing within the month saw an increase on the previous pattern of spend, particularly in relation to Hepatitis C and Rheumatology. The team responsible would remain within the patient numbers agreed at the beginning of the year and in line with targets set by Scottish Government Health and Social Care Directorate (SGHSCD). It was noted Tayside NHS Board had derived efficiencies in the year through the adoption of bio similar medicines with a forecast that it would deliver in excess of £1.0m by year end and with a greater Full Year Effect impact.

The FHS Prescribing position was noted as £3.161m and included £0.205m from 2015/16. It was noted that growth continued to exceed the Scottish average and continued to extend the variation from the Scottish average.

Mr Bedford advised work had commenced around knowledge sharing in collaboration with NHS Ayrshire and Arran and NHS Fife. It was noted a range of actions were being actively pursued and was expected to impact on the current spend pattern over the remaining four months of the financial year.

Mr Bedford highlighted the new style of reporting provided individual group positions contained within Section 3.7 of the report. The intention was to provide a greater level of understanding on each aspect of the organisation in terms of trends, particular areas of traction in containing costs and pressures faced. It was anticipated reporting would be enhanced further in future months to recognise forecast outturn position.

There was the intention to invite representation from specific areas to future Committee meetings to provide Members with a greater understanding of challenges faced.

Mr Bedford referred to pages 11 and 12 of the report under the heading Facilities and Operations. It was noted Property Services had commissioned an external consultant to review waste and variation within utility charges across Tayside. There was an indication that a claw back of c£0.5m would be obtained, along with a small recurring benefit.

The Efficiency Savings workstream programme position was detailed within Table 20 of the report and included the position of the IJBs. The current overall efficiency saving position was a shortfall of c£1.9m against the plan, of which £732k related to the IJBs.

Mr Bedford advised a review had taken place to assess the deliverability within the current year linked with group forecasts. There was also a range of accelerated proposals which were currently being considered and assessed. These would be addressed further on the Agenda for this meeting.

The Committee noted the importance of delivering a position that minimised the shortfall on resources at year end and should not exceed the unbalanced LDP submitted to SGHSCD in May 2016. It was noted activities over the remaining months of the financial year were critical in achieving this.

Ms McLay queried, from a governance perspective, financial recovery plans in relation to IJB overspends and the mechanism for requesting these from the IJBs. It was noted this would be a formal process in terms of integration schemes, with requests for recovery plans being sought by the Chief Executive and Chief Officers. This was not the responsibility of the Finance and Resources Committee.

Mr Cross advised he had met with the Board Secretary, Chief Internal Auditor and Team and the Interim Director of Performance with regards to Risk Management and the requirement to address risk and governance elements within IJBs. It was noted a session would be arranged to include the Chief Executive and Chief Officers. The Committee agreed there was a lack of clarity and assurance was required as a result of these discussions.

Mr Cross queried the significant overspend within clinical supplies, highlighted within Table 8 of the report, and whether the overspend was due to volume over cost. It was noted work was ongoing to highlight particular demand pressures, recovery of costs from other Health Boards and address the profile of clinical supply spends through the Procurement Workstream.

The Committee

- **Noted the current position and supported the actions being taken to contain spend**
- **Noted the decision taken by Tayside NHS Board on 27 September 2016 to approve the non recurring release of the Board Contingency on a proportionate basis each month, to recognise the range of cost pressures that were evident across the system**

6.3 Reporting Requirement – Code of Corporate Governance (FRC52/2016)

Mr Bedford advised the purpose of the report was to advise the Committee of the exercise of delegated authority and of waiver of competitive tendering. The Committee was asked to note the content of the report.

Mr Bedford advised there were two awards of contracts in excess of £150k. Cair Scotland had been awarded the contract in respect of Sexual Health and BBV. This was a three year contract with the option to extend for one further year and was funded by the Sexual Health and BBV allocation of the Outcomes Framework.

Menarini Diagnostics had been awarded the contract in respect of the provision of analytical systems for the measurement of HbA1c and Haemoglobinopathy screening. It was noted funding was through the existing revenue scheme. Mr Cross noted that Menarini Diagnostics scored higher than other tenders, albeit was not the lowest quote, therefore the report was unclear as to why this tender had been accepted. Mr Cross requested future reports provided more clarity around the decision in awarding of contracts.

It was noted there were a number of Single Tender Approvals which all recognised the specific circumstances noted with regard to the single tender status.

The Committee

- **Noted the content of the report**

6.4 Sustainability and Environmental Management Update (FRC55/2016)

Mr Wilde and Mr Ruddy were in attendance to present the report.

Mr Wilde advised the Committee the purpose of the report was to provide an annual update on NHS Tayside's Sustainability and Environmental Agenda. The Committee was asked to note the significant sustainability and environmental challenges faced by NHS Tayside and the progress made to date and future planned schemes.

It was noted the Sustainability and Environmental Agenda was designed to support the reduction of carbon emissions and included the following targets and initiatives:

- Carbon Reduction Commitment Scheme (CRC)
- Statutory Compliance Audit and Reporting Tool (SCART)
- Sustainable Development Strategy Policy for Scotland
- NHS Scotland CO2 Reduction Grant Scheme
- Carbon Energy Fund (CEF)

Mr Wilde advised that the CEF project was more than halfway through the construction phase of works. This was a 25 year partnership between NHS Tayside and Vital Energi. There was the expectation that works, upon completion, would significantly reduce energy consumption across the three acute sites resulting in considerable savings to NHS Tayside. It was noted that this work was also expected to significantly reduce NHS Tayside's carbon energy emissions and this would assist in meeting national environmental targets set by Scottish Government (SG).

Mr Wilde informed the Committee that a new non-clinical waste contractor, Biffa had been appointed through the national framework with effect from 1 October 2016. It was noted that food waste recycling was taking place at catering sites covered by Waste Regulations and included the installation of food waste dryers in Ninewells, Perth Royal Infirmary (PRI) and Royal Victoria Hospital (RVH). The funding for the food waste dryers had been approved by the Capital Scrutiny Group (CSG). It was noted three new waste compactors had also been installed at the Ninewells waste yard.

The Committee noted that Electric Vehicle dual and rapid chargers had been operational at Ninewells since August 2016 with a further six dual chargers, at no cost to NHS Tayside, to be installed by December 2016 at a number of sites as part of Dundee City Councils winning Office for Low Emission Vehicle (OLEV) bid. Mr Wilde advised that a report would be submitted to Tayside NHS Board to approve the transfer of 200 capital vehicles to leased vehicles over a five year period. It was noted subject to approval 2017/18 would see the replacement of 12 diesel vehicles with electric vehicle and 48 old/inefficient/not fit for purpose vehicles being replaced with 48 leased vehicles fit for purpose, fuel efficient and low in CO2 emissions.

The Committee noted a number of further planned schemes detailed within the report.

Mr Wilde highlighted Table 1 of the report detailed the impact of the cost of the Carbon Reduction Commitment (Energy Efficiency Scheme) (CRC). The scheme required NHS Tayside to participate by purchasing allowances for CO2 caused by the use of electricity and gas in NHS Tayside buildings. It was noted there was reduction in CRC allowances in 2015/16 due to NHS Tayside now being a permit holder under the EU Emissions Trading Scheme (ETS) and CO2 relating to electricity and gas use at the Ninewells site not be included under the CRC scheme.

Mr Cross queried the purpose and benefits of the food waste dryers and, in regards to future schemes which would make the most impact on savings. Mr Wilde advised the dryers enabled food waste to be captured and recycled. Mr Wilde further explained that food waste collected in the dryers was broken down, dried out and collected in bins. It was then uplifted by a waste contractor for disposal where it was used to produce heat or electricity. It was noted food waste dryers had been implemented in the three larger sites, Ninewells, PRI and RVH with smaller sites using food waste bins.

Mr Ruddy advised in relation to future schemes, the installation of software to reduce energy consumption from IT equipment and Heat Recovery for Laundry waste water in Ninewells would impact greatly on the savings

Mr Cross sought further information around the information contained in Table 1 of the report. Mr Ruddy advised that the Ninewells site was included in an EU wide scheme, as opposed to CRC, which is a UK wide scheme for smaller businesses. There was an increase in the emissions in the EU scheme and as a result allowances were accounted for differently.

The Committee

- **Noted the significant agenda associated with the sustainability and environmental issues faced by NHS Tayside, the progress to date and further planned schemes**

11:45 Mr Philip Wilde and Mr John Ruddy left the meeting

6.5 Forward Planning 2017/18

Mr Bedford provided a verbal update to the Committee.

Mr Bedford advised that the Chancellor of the Exchequer Autumn Budget Statement was expected on 23 November 2016 followed by the initial announcement of the Draft Scottish Budget Statement by the Cabinet Secretary for Finance and the Constitution to the Holyrood Parliament around 15 December 2016. It was understood this would be a one year budget.

It was noted that Scottish Government (SG) provided a forecast uplift of 1.8% when developing the five year financial framework in 2015/16, however there was cognisance that in 2015/16 a number of further challenges, particularly in relation to funding towards alcohol and drugs, were made to NHS Boards as part of the settlement last year.

It was unclear at this stage if any further resource would be allocated towards the Health and Social Care Partnerships (HSCPs).

It was noted the existing Financial Framework set out a financial challenge for Tayside NHS Board for 2017/18 of c£42m. Tayside NHS Board would be further impacted in 2017/18 through the adoption of an Apprenticeship Levy with employers contributing 0.5% of their annual payroll. This was assessed as being c£1.8m for NHS Tayside. A rates revaluation was also expected to impact NHS Tayside by c£1.0m resulting in further challenges to the efficiency agenda.

11:45 Professor John Connell left the meeting.

The Committee noted a review of the Business Planning and Budget Process was considered at a Development Event in September 2016 with the intention for this to be extended at a future Board Development Event. It was noted a number of key dates were scheduled where further clarity would be sought.

Ms McLay advised the mid-year review letter confirming brokerage was awaited, however there was a commitment to focus on the in year balance and the repayment plan into 2017/18. It was noted there was the expectation that 5% would be the minimum, cognisance of pressures within local authorities and the need to focus on regional working and greater information sharing.

Mr Cross highlighted the importance of the brokerage repayment plan and the critical requirement for clarity around the governance of the Integrated Joint Boards (IJBs), noted as being referenced in Item 8.3 on the Agenda.

The Committee

- **Noted the verbal update**

6.6 Information Governance Mid Year Update (FRC53/2016)

Ms Dunning advised the Committee that Mrs Alison Dailly, Information Governance Manager and the Information Governance (IG) Team were currently working to address various areas to comply with policy frameworks and legislation received from Scottish Government (SG).

Mrs Dailly advised that the purpose of the report was to provide an update on NHS Tayside's performance in achieving and complying with national Information Governance Standards and the Committee was asked to note the recommendations set out in the report.

It was noted a benchmarking exercise had been carried out which identified issues around the lack of documentation, which was required for the purpose of audits. It found eHealth had identified controls and measures which were in place but had not been documented.

It was noted the recommendations from the Internal Audit Report T32/15 the Public Records (Scotland) Act 2011 – Preparation of the Records Management Plan formed the basis of NHS Tayside's PRSA Records Management Action Plan. Mrs Lynda Petrie, Corporate Web Manager, was leading on the Public Records (Scotland) Act 2011 – NHS Tayside Compliance Update and this would be presented to the next Committee meeting.

Mrs Dailly advised that other ongoing work within IG includes Freedom of Information (FOISA) requests, Caldicott applications, and general data protection queries.

Mrs Golden raised a query in relation to FairWarning, she advised that there had not been any recent discussions around FairWarning and there was the need for an update and discussions in regard to the implications for staff.

Mrs Dailly briefly explained to the Committee that the FairWarning system should automatically provide a functioning audit system and notifications of inappropriate access or breaches of confidentiality within NHS Tayside. It was noted that the process was currently dependant on manual input and output with no pro-active way of identifying incidents.

It was noted that investigations into FairWarning working alongside Trakcare were ongoing, however it was noted that as FairWarning was an 'off the shelf' system and was not part of the current contractual agreement, and that there may be a cost for InterSystems to be implemented.

The Committee agreed the FairWarning system was central to Information Governance and support was required in this being implemented along with further exploration of linking FairWarning with Trakcare.

Ms Dunning advised all issues regarding the FairWarning system had been discussed at the last IG meeting and offered assurance further discussions would continue with the eHealth with possible involvement from the Caldicott Guardian.

Mrs Dailly advised the Committee that NHS Tayside was not an outlier and other Health Boards were experiencing the same issues.

Ms Dunning advised that the Information Governance Information Security Policy Maturity Assessment 2015, included as Item 8.3 on the Agenda was submitted to the Committee for information. It was noted this was a status report which was continually updated. There were plans were in place to create a Short Life Working Group and the Committee would be further updated in due course.

The Committee

- **Noted progress reported on the NHS Tayside Information Governance and Security Improvement Plan 2015 – 17**
- **Noted the steps being taken to comply with Public Records (Scotland) Act 2011**
- **Noted the steps being taken to address strategic Data Quality policy and measurement**
- **Noted the outcome of Internal Audit T32/15 the Public Records (Scotland) Act 2011 – Preparation of the Records Management Plan with recommendations forming the basis of NHS Tayside's PRSA Records Management Plan**
- **Noted the IG contribution and commitment to national Public Benefit and Privacy Panel**

6.7 Risk Assessment Methodology for Backlog Maintenance (FRC62/2016)

Mr Anderson advised this report was in response to the request from the Committee at its last meeting for an update to the Property Asset Management Strategy Update 2016 regarding the risk assessment methodology for backlog maintenance.

Mr Anderson advised the process of risk assessment was straightforward, factual and technical and followed the processes identified within guidance from Health Facilities Scotland and gave assurance that there was a series of checks and balances carried out both locally and nationally with a system for continual reviews and assessments.

Mr Cross noted the processes in place were encouraging and the importance of the Committee being advised of any areas with an assessed risk score of major or catastrophic. Mr Anderson confirmed any areas which fell into these categories would be reported through the Committee.

The Committee

- **Noted the content of the report**

6.8 Review of Finance and Resources Committee Updated Terms of Reference and Work Plan 2016/17 (FRC57/2016)

Mr Bedford advised the Committee that a review of the Terms of Reference and Work Plan had been undertaken following recommendations included within the Interim Evaluation of the Internal Control Framework.

The Committee was asked to consider and approve the updated Terms of Reference and Work Plan with specific regard to the refreshed remit under Section 8 of the revised report.

Mr Bedford advised the remit provided greater detail and the Chairs of the Finance and Resources and Audit Committee and the Chief Internal Auditor had been consulted.

Mr Bedford informed the Committee the Corporate Finance Report had been re-developed and would continue to be developed at the request of Members and noted the Finance and Resources Committee. It was noted the Chairs Assurance Report was also a standing item on the Tayside NHS Board Agenda.

Mr Cross noted the importance of the remit properly reflecting the aims of the Committee.

Mrs Golden welcomed the broader remit, however, requested that the Membership be updated to include Mr Raymond Marshall as a regular attendee in his capacity as a representative of the Area Partnership Forum.

LG

The Committee

- **Considered and approved the updated Terms of Reference and Work Plan 2016/17**
- **Requested that the Membership be updated to include Mr Raymond Marshall as a regular attendee in his capacity as a representative of the Area Partnership Forum**

6.9 Annual State of the Estate Report 2015 (FRC64/2016)

Mrs Lyall advised the Committee that the Annual State of NHSScotland Assets and Facilities Report (SAFR) for 2015 was published on 5 August 2016. The report was available on the Scottish Government (SG) website and a link was also provided within the report.

It was noted there were no major issues identified in respect of NHS Tayside specific information contained within the 2015 SAFR report. The Property and Asset Management Strategy (PAMS) was a key strategic document in demonstrating NHS Tayside's performance in meeting requirements and work was ongoing in updating and verifying records on the Estate Asset Management System (EAMS). There was a requirement for the information contained within the EAMS to be accurate as this informed the national Capital Planning System used by SG to inform decision making.

It was noted that NHS Boards were provided with asset pro-forma returns to be completed and submitted to Scottish Government Health and Social Care Directorate (SGHSCD) on an annual basis. The information provided from NHS Boards was used to inform the SAFR.

Mrs Lyall advised that 2015 was the fifth year the SAFR had been published and was widely recognised as a key reference document used to inform decisions on the continuing investment in assets and facilities services to deliver the Scottish Government's "2020 Vision" for sustainable high quality in health.

The SAFR report provided a range of information to assist NHS Boards target limited resources on achieving maximum benefit and value for money and the following was highlighted:

- the quality of NHS Tayside properties was significantly higher than the NHS Scotland Board average - 92% of NHS Tayside properties were classified as Excellent or Satisfactory compared to 70% of NHS Scotland properties;
- 82% of NHS Tayside properties were classified as Excellent or Satisfactory in terms of Functional Suitability, compared to 72% of NHS Scotland properties;
- property maintenance costs for NHS Tayside properties were one of the lowest in NHS Scotland, and 17.5% lower than the NHS Scotland Board average;
- other operational costs that highlight good performance of NHS Tayside were energy costs, catering costs and waste costs, and
- space allocated for office accommodation in NHS Tayside is better than the NHS Scotland Board average, however, there was an opportunity to improve even further by implementing Smarter Offices initiative where appropriate

Mrs Lyall advised the SAFR highlights areas of improvements to NHS Scotland's property asset performance in the last five years. This included reduction of backlog maintenance, utilisation of accommodation and provision of facilities that were functionally suitable to support effective health and care service delivery.

The key messages identified within the SAFR report for NHS Boards in terms of developing their future PAMS were noted as being:

- NHS Boards should continue to focus their investment strategies towards reducing high and significant backlog maintenance;
- estate rationalisation leading to disposal of surplus properties had the potential to reduce currently identified and future backlog, lower future operational running costs and reduce future investment requirements for estate replacement;
- 70% of annual recurring expenditure on assets was associated with the day to day operation and maintenance of the estate and the delivery of associated facilities services, therefore it was essential to focus on improving the performance on these services;
- estate replacement projects had the potential to bring about significant change to the way in which the existing estate is configured, and how it might continue to support the delivery of healthcare services, and
- investment plans should not ignore the requirements of the other assets, which need to be sufficient to ensure adequate replacement, but also for further investment in new medical equipment and technology that might introduce innovative solutions towards the 2020 vision for quality healthcare provision, and potentially reduce reliance on continued investment in property replacement.

The NHS Tayside Capital Forecast 2016/17 – 2020/21 had been developed taking cognisance of clinical strategies and risks. There was the expectation from SGHSCD that a proportion of the formula capital allocation should be spent addressing statutory compliance and backlog maintenance identified through the EAMS and PAMS.

Mrs Lyall advised ring fenced earmarks had been maintained within the Capital Plan to deliver projects identified under EAMS, Medical Equipment, Information Management and Technology and Primary Care premises. It was noted the draft Capital Forecast for 2017/18 – 2021/22 was currently under development.

It was noted NHS Boards were expected to submit a full PAMS in 2017 and correspondence from SGHSCD was expected in due course detailing requirements and timelines.

The Committee discussed difficulties in Tayside NHS Board fully understanding the risk element within the EAMS and as a result not being fully aware of the condition of the estate and the position of essential and non essential properties as well as their functionality. Mr Anderson advised that whilst the EAMS method and narrative could perhaps create confusion, the Ninewells Hospital Site for example was a functional site. It was noted that although there were issues around car parking and infrastructure, these issues could be identified within EAMS for investment or replacement, the site remains functional. It was noted that a non

essential property did not mean a surplus property and all sites were functional until declared surplus to requirements and would continue to receive the level of attention and investment required until then.

The Committee noted there was increasing recognition of the challenges around the NHS Tayside estate and recognised the work of the property department in achieving scores contained within the report.

The Committee

- **Noted the recommendations contained within the report**

12:30 Mrs Judith Golden and Mr Raymond Marshall left the meeting.

7. ASSURANCE – Strategic Risks Aligned to the Finance and Resources Committee

7.1 Assurance Report on Strategic Financial Plan Risk (FRC58/2016)

Mr Bedford advised this report had been prepared in line with the agreed reporting arrangements to Committees in support of the Board Assurance Framework in relation to the Strategic Risks on the register.

Mr Bedford advised the Committee that this report and Item 7.2 Assurance Report on Reduction in Capital were both similar to reports which had been presented at the August 2016 Committee meeting.

It was noted this report had been enhanced with the inclusion of Operational Risks which support the Strategic Risk. It was noted the Strategic Financial Plan inherent risk exposure remained unchanged and was unlikely to change in the near future.

Mrs Walker advised the Committee of the recommendations from Internal Audit to ensure robust systems were in place and welcomed the inclusion of Operational Risks.

The Committee were advised comments on further control measures would be welcomed.

The Committee

- **Noted the content of the report**

7.2 Assurance Report on Reduction in Capital Risk (FRC59/2016)

Mr Bedford advised the Committee this report was in similar vein to Item 7.1 and was included in discussions under Item 7.1.

The Committee

- **Noted the content of the report**

7.3 Assurance Report on Information Governance Risk (FRC54/2016)

Ms Dunning presented the report to the Committee for noting.

Mrs Dailly advised the current risk exposure was due to ongoing work to comply with DL (2015) 17 Information Governance and Security Improvement Measures 2015-2017, including the new NHSS Information Security Policy Framework.

Mrs Walker advised the Committee that Mr Bedford and Ms Dunning had robust processes in place and risks were reviewed on a regular basis.

Dr Cowie disagreed with the current risk exposure score of (4x3) and suggested this should be amended to be (4x4). Ms Dunning agreed Dr Cowie's comments would be addressed at the next Information Governance Committee and reported in the next update to the Committee.

The Committee

- **Noted the content of the report**
- **Noted the current risk exposure score would be discussed at the next Information Governance Committee meeting and reported in the next update to the Committee**

8. ITEMS FOR INFORMATION

8.1 Record of Attendance

The Committee

- **Noted the Attendance Record**

8.2 Finance and Resources Committee Schedule of Meetings 2017/18

The Committee

- **Noted the Finance and Resources Committee Schedule of Meetings 2017/18**

8.3 Information Governance Information Security Policy Maturity Assessment 2015

The Committee

- **Noted the Information Governance Security Policy Maturity Assessment 2015**

8.4 Information Governance Committee Minute – 27 July 2016

The Committee

- **Noted the Information Governance Committee Minute – 27 July 2016**

DATE OF NEXT MEETING

The next meeting of the Finance and Resources Committee will take place on Thursday 19 January 2017 at 9:30am in the Board Room, Kings Cross Hospital, Dundee

Subject to any amendments recorded in the Minute of the subsequent meeting of the Committee, the foregoing Minute is a correct record of the business proceedings of the meeting of Tayside NHS Board Finance and Resources Committee held on 17 November 2016, and approved by the Committee at its meeting held on 19 January 2017.

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CHAIR

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DATE