

NHS Education for Scotland

Board Paper Summary: Finance and Performance Management Committee Minutes

1. **Title of Paper**

Unconfirmed minutes of the Finance and Performance Management Committee meeting held on 26 November 2015: copy attached.

2. **Author(s) of Paper**

Michelle Allen, Corporate Governance Officer

3. **Purpose of Paper**

To receive and note the unconfirmed minutes of the meeting of the Finance and Performance Management Committee meeting held on 26 November 2015.

4. **Items for Noting**

Item 6 – Finance Report to 31 October 2015

The committee noted the Finance Report for the period 1 August to 31 October 2015.

Item 7 – Budget 2016/17 and Beyond

The committee noted the information contained within an update paper which presented the current assumptions around the likely budget position for 2016/17. Audrey also provided a verbal update which included further detail around the impact of the NI rebate on the NES Budget, highlighting the key issues relating to the recently published UK Government Spending Review and Autumn Statement, and provided an update on the progress of NES Budget Review meetings.

Item 8 – Performance Management Reports to October 2015

The committee noted the Performance Management reports for the period 1 August to 30 June 2015.

Item 10 – Glasgow Property Realisation Plan

The committee noted the final report regarding the benefits realised from the Glasgow Property Project. Work is also underway, in Partnership, to review the many

freestanding comments that have been submitted by staff regarding the real and perceived barriers to embracing the opportunities offered by agile working.

Item 11 – Facilities Management Service Annual Performance Report

The Committee noted the report and supported the proposed improvement activities contained within.

AOB – Committee Membership

Murray Duncanson was thanked for his contributions to the work of the F&PM Committee.

5. Recommendations

None.

NES
December 2015
MA

Unconfirmed

IN CONFIDENCE

NES/FPM/15/40

NHS Education for Scotland

FINANCE & PERFORMANCE MANAGEMENT COMMITTEE

Minutes of the Finance & Performance Management Committee held on Thursday 26 November 2015 at Westport 102, Edinburgh.

Present: Dr Lindsay Burley (Chair)
Mr Douglas Hutchens
Mr Murray Duncanson
Ms Liz Ford

In attendance: Mr Donald Cameron, Associate Director (Acting), Corporate Resources/Lead Officer
Ms Caroline Lamb, Chief Executive
Mrs Audrey McColl, Acting Director of Finance
Ms Linda Dewar, Head of Property and Facilities Management
Ms Irene Morrison, Senior Facilities Manager
Ms Michelle Allen, Corporate Governance Officer

1. Welcome and introductions

The Chair welcomed everyone to the meeting, especially Irene Morrison who was attending the meeting to gain an insight into the workings of the Committee and to present the paper for Item 11 on the Agenda.

2. Apologies for absence

Apologies were received from Janice Sinclair, Acting Deputy Director of Finance.

3. Minutes of the previous meeting held on 26 August 2015 (NES/FPM/15/30)

The minutes of the Finance & Performance Management Committee meeting held on 26 August 2015 were approved.

Action: MA

4. Action List from previous meeting held on 26 August 2015 (NES/FPM/15/31)

Members noted that all of the action points had been completed.

5. Matters arising from the minutes

There were no matters arising which did not feature elsewhere on the agenda.

Business Matters

6. Finance Report to 31 October 2015

(NES/FPM/15/33)

Audrey McColl introduced a paper presenting the financial results for the period 1 April – 31 October 2015 and the anticipated forecast outturn as at 31 March 2016. The Committee were asked to note the information contained in the report.

After all amendments discussed and agreed at previous meetings of the Board, Executive Team and Committee, the current forecast underspend is £419k. This includes the adjustment of £2m to the funding to be drawn down from Scottish Government in relation to the expansion of medical training grade posts.

It was highlighted that the format of the report to this Committee has been amended to summarise significant variances in the year to date position, identify the main assumptions used to compile the forecast and explain any material movements in the forecast from the previous month. Any risks, which may impact the forecast, will also be identified.

After discussion, the Committee confirmed that the revised content and format of the report is appropriate. The Committee asked that, for areas of significant over/under spends, a commentary be included detailing any specific implications for NES in the achievement of its strategic objectives or for territorial Health Boards in terms of service delivery.

Actions: AMc

The Committee reviewed the current financial position reported within the paper and the following points were raised during discussion:

- Some discussion took place regarding the current position and future plans for the Graduate Management Training Scheme (GMTS). It was noted that a recent evaluation of the scheme had highlighted a need to improve retention and that the recent recruitment round had focussed on the finance scheme in line with the Scottish Government's commitment to the 'Future Focussed Finance' initiative. It was also noted that NES is leading some work focussed on Middle Management and identifying what we can do to support staff already in place in addition to a graduate entry. It is anticipated that this work will inform future development of a management training scheme.
- Further detail was provided in relation to GP benefits. Audrey advised the Committee that the budget had been set based on a average cost per GP, which trend analysis of actual claims received, suggests is too high. This is a difficult area of spend to estimate due to the varying factors that will impact the level of individual expenses.
- With regard to the funding for national recruitment, it was explained that Boards do incur some costs as part of this process. In previous years NES has paid for the facilities costs incurred and made a contribution towards the cost of staff involved in the process. However, given that the level of activity carried out by Boards has reduced year on year the full amount of budget held may not be required.
- Given the forecast underspend, it was suggested that there could be a review of expenses relating to remote and rural placements, which tend to be high. It was noted that Medical ACT funds the cost of undergraduate placements in remote and

rural areas, but that there may be scope for a review of other remote and rural expenses.

Action: AMc

- Remedial training - after a brief discussion it was agreed that exploring the underlying causes of the increased requirement for remedial training might be more appropriately carried out by the Educational Research Governance Committee (ERGC).

Action: AMc

- NMAPH – It was noted that the late in-year receipt of allocations in some project areas within NMAHP remains an issue. It was noted that NMAHP and Finance are actively pursuing all outstanding 2015/16 allocations.

The Committee noted that the forecast out-turn of a £419k underspend would represent an acceptable year end position. It was further noted that the risks to achievement of this underspend figure which were outlined within the report would be monitored carefully.

7. Budget 2016/17 and Beyond

(NES/FPM/15/34)

Audrey McColl introduced a paper presenting the current assumptions around the likely budget position for 2016/17 and advised the Committee on the planning assumptions being used in NES.

The paper advised the Committee that, as a result of the UK Spending Review, Scottish Government has been unable to provide NHS Boards with any indication of the funding available for 2016/17 and beyond, and that the draft Scottish Budget was not expected to be available until mid-December 2015.

It was noted that in the absence of confirmed planning assumptions, an uplift of 1% on recurring baseline has been assumed set against a pay cost pressure of 1% and an additional cost resulting from the removal of the NI rebate of 1.8% (average). The net effect of which is a potential gap of £4.4m which represents a significant challenge for NES.

Further to the information contained within the paper, Audrey advised the Committee that the announcement of an increase of £5.5bn for NHS England in 2016/17 is partly funded from internal savings within the Department of Health budget, so the advice at present from Scottish Government is to make no change to the planning assumptions we have used.

There will be a Directors of Finance meeting on 10 December where it is expected that there will be a more detailed discussion around the UK spending review and the implications for the Scottish block grant. Audrey stated that she was optimistic that the 1% included as uplift would be received.

The Committee noted the information contained within the paper, and also the additional information provided by Audrey in light of the announcement on 25 November.

8. Performance Management Report to 30 October 2015

(NES/FPM/15/35)

Donald Cameron introduced a paper providing the Committee with an overview of NES' performance against the Local Delivery Plan (LDP) for the second quarter of the 2015-16 reporting year. The following points were highlighted:

Further to the earlier discussion around the level of detail provided in reports that are considered at Committee, members agreed that format, and the balance of detail and summary, worked well for this report.

Discussion of the report focused on the red and 'high priority' amber indicators. It was noted that some issues around the red and amber indicators were out with NES control. Members discussed some of the difficulties faced due to 'low volume' posts, for example podiatry which has only 1 trainee, where due to the low numbers of trainees relatively minor deviation from targets can quickly result in an 'amber' or 'red' flag being raised. Donald advised the Committee that when these smaller targets were aggregated into the outcomes for overarching work streams then the overall targets were coming out rated 'green', this is one main reason for breaking down the targets into these smaller component parts, drawing out any 'amber' or 'red' issues that require attention.

Donald advised the Committee that there are a number of actions in place and that steps are being taken at the moment, within the Medical Directorate, to improve upon recruitment and retention, efforts are being made to promote Scotland as a desirable location for training and employment.

The question was raised as to whether there was scope to improve upon the current marketing of training posts for junior doctors in Scotland. Caroline Lamb stated that work was underway, in conjunction with Scottish Government, to produce a video showcasing trainees talking about positive training experiences in Scotland. NES is also raising its profile at careers fairs and conferences and is promoting opportunities via social media.

After discussion, the Committee noted the current performance of NES as set out in the Performance Management report for the period July to 30 October 2015.

9. Procurement Reports

(NES/FPM/15/36)

Audrey McColl presented a paper which provided the Committee with an update on the procurement activity which has taken place during the second quarter of the 2015/16 financial year. The paper also included an update on operational developments and projects within the Procurement area.

Audrey highlighted a number of key areas for the attention of the Committee, including:

- The drop in compliance rates for the Design and Print national framework agreement. A new framework has recently been issued and there have been some issues around communication of this across the organisation. The existence of the new contract has now been highlighted.
- Spending on non-clinical temporary staff. It was noted that monitoring compliance to the Temporary Staff framework is difficult. Further work is underway to review compliance rates within NES, and to identify whether there is scope for improvement to processes. The Procurement team are working closely with Workforce to take these improvements forward.
- Section 6 – Procurement Realised Savings 2015/16 (Apr-Sept). The figures here are based on information that the Procurement team had confidence in the accuracy of. What is currently missing from this section is the detail of contracts where it's known that savings have been made by way of additional access to resources or efficiency savings through improvement to processes or reduction in capacity. The figures

around these kind of savings are more difficult to capture, and could not be included with confidence for this report. However, this detail will be added to the next report.

During the discussion that followed Audrey also provided further information on the progress of, and difficulties surrounding, the implementation of PECOS. It was noted that OPT will aim to introduce PECOS as a pilot approach in December 2015.

It was also noted that the use of external suppliers for bulk printing of training materials, which provides significant savings on conducting this volume of printing in house, would have contributed to the expenses around same day courier services. It was recognised that, as an organisation, NES aims to be 'Digital by default' and that staff are actively encouraged to limit production of paper copies whenever possible, and that Facilities and Property Management review the use of in house printing, external providers of printing services and the use of couriers in delivering these materials as part of their efficiency savings review.

The Committee noted the Procurement update.

10. Glasgow Property Realisation Plan

(NES/FPM/15/37)

Donald Cameron introduced the final report regarding the benefits realised from the Glasgow Property Project.

Overall the report was very positive, with 31 of the 38 identified benefits having been fully realised. It was noted that 3 of the 4 benefits that were not realised, including: background noise within the open plan working environment, workspaces that encourage teamwork within and across teams/departments, and communication with colleagues from other parts of NES, had been raised with the local project team and work has been planned to look at re-launching the agile working policy in order to address these areas.

Liz Ford advised the Committee that work was also underway in Partnership to review the many freestanding comments that have been submitted by staff regarding the real and perceived barriers to embracing the opportunities offered by agile working. The outcomes from the review will be both interesting and challenging, but should help to develop an informed approach to increasing awareness and implementation of agile working across 2CQ and the organisation as a whole.

The Committee noted the final position of benefits realised from the Glasgow Property Project.

11. Facilities Management Services Annual Performance Report

(NES/FPM/15/38)

Linda Dewar and Irene Morrison introduced a paper which provided the Committee with an update on the progress of the Corporate Plan objectives and also presented the Facilities Management Report for the period 01 July 2014 to 30 June 2015.

During the discussion that followed on the issues around printing, Linda advised members that a communication would be issued to all staff to highlight the upcoming changes with regard to printing restrictions, and intimated that the communication would also highlight the correct procedures to follow when bulk paper copies are required of materials. It was noted that when the changes come into effect the impact this may have on courier costs would be monitored.

Action: LD

The work focused on improving efficiency in the utilisation of meeting rooms was commended. Efficient use of the meeting space available within Westport will lead to a reduction in costs as

it will reduce or eliminate the need to use external venues, and may in future free up meeting room capacity to enable NES to hire out meeting rooms.

The Committee noted the information contained within the paper and supported the proposed improvement activities contained within the report.

12. Organisational Performance Improvement (OPIP) Update (NES/FPM/15/39)

Donald Cameron introduced a paper which had been circulated to provide an update on the activities performed by the OPIP team since the last paper to the Committee in August 2015. The main area of focus for the OPIP team continues to be supporting cross-organisational projects, including the Finance and Digital transformations.

The Committee noted the information contained within the OPIP update.

Items for Information

13. Internal Audit Reports

- (a) Internal Audit Progress Report (Enclosed)
- (b) Management of Fixed-Term Contracts (Enclosed)
- (c) Complaints Management (Enclosed)
- (d) Follow-up of Audit Recommendations (Enclosed)

It was noted that these reports had been considered in detail at the Audit Committee on 10 October 2015, and were provided for information.

The Committee noted the internal audit reports.

14. Any Other Business

- (a) Committee Membership

This would be the final meeting of the Committee to be attended by Murray Duncanson, as his term on the NES Board would come to an end early in the new year.

On behalf of the Committee, Lindsay Burley thanked Murray for his contributions to the work of the Finance and Performance Management Committee.

15. Date of Next Meeting

Thursday 25 February 2016 at 10:30am.

NES
November 2015