

## ANNUAL STATEMENT OF ASSURANCE FOR THE FINANCE, PERFORMANCE & RESOURCES COMMITTEE 2022/23

### 1. Purpose of Committee

- 1.1 The purpose of the Committee is to keep under review the financial position and performance against key non-financial targets of the Board, and to ensure that suitable arrangements are in place to secure economy, efficiency and effectiveness in the use of all resources, and that these arrangements are working effectively.

### 2. Membership of Committee

- 2.1 During the financial year to 31 March 2023, membership of the Finance, Performance & Resources Committee comprised:

Rona Laing	Chair / Non-Executive Member (to May 2022)
Alistair Morris	Chair / Non-Executive Member (Chair, from May 2022)
Wilma Brown	Non-Executive Stakeholder Member
Cllr David Graham	Non-Executive Stakeholder Member (from November 2022)
Alastair Grant	Non-Executive Member
Aileen Lawrie	Non-Executive Stakeholder Member
John Kemp	Non-Executive Member (from November 2022)
Mansoor Mahmood	Non-Executive Member
Margo McGurk	Director of Finance & Strategy
Dr Chris McKenna	Medical Director
Janette Keenan	Director of Nursing
Carol Potter	Chief Executive
Dr Joy Tomlinson	Director of Public Health

- 2.2 The Committee may invite individuals to attend the Committee meetings for particular agenda items, but the Director of Acute Services, Director of Health & Social Care, Director of Property & Asset Management, Director of Pharmacy & Medicines, Deputy Director of Finance and Board Secretary will normally be in attendance at Committee meetings. Other attendees, deputies and guests are recorded in the individual minutes of each Committee meeting.

### 3. Meetings

- 3.1 The Committee met on nine occasions during the financial year to 31 March 2023, on the undernoted dates:

- 10 May 2022
- 12 July 2022
- 13 September 2022
- 20 September 2022 (Development Session)
- 17 October 2022 (Extraordinary Meeting)
- 15 November 2022
- 17 January 2023
- 14 March 2023
- 30 March 2023 (Development Session)

- 3.2 The attendance schedule is attached at Appendix 1.

## 4. Business

- 4.1 At each meeting the Finance, Performance & Resources Committee considers the most up-to-date financial position for the year, for both revenue and capital expenditure. This function is of central importance, as the Committee provides detailed scrutiny of the ongoing financial position and on aspects of operational performance across NHS Fife activities, including those delegated to the Integration Joint Board. Considerable time was spent in meetings discussing and reviewing the financial pressures facing the Board (during financial years 2021-22 and 2022-23), the delivery of in-year savings against plan, and consideration of the enduring financial consequences of the Covid pandemic, which continue to impact on achieving financial sustainability over the medium term. The risk score for financial sustainability has remained high throughout the year, with the matter under regular review at an operational level by the Financial Improvement & Sustainability Programme Board. Updates on the predicted year-end position (where a financial gap of c.£10.4m is expected) were presented and discussed by members.
- 4.2 In September 2022, members considered a detailed update from the Financial Improvement & Sustainability Programme Board, outlining the delivery progress of cost improvement plans and the challenges experienced in these achieving the predicted targets. Key areas of pressure at that mid-year point included spend on supplementary staffing and the vacancy factor, further details on which have also been considered in-year by the Staff Governance Committee. The cost of living crisis affecting the whole economy, plus the removal of Covid-related financial support to Health Boards, have created additional challenges, particularly in the area of procurement. The situation has generally been reflective of the activity pressures experienced throughout the year and the resultant workload on staff. The Committee, however, have been clear that the 2022/23 savings target should remain the objective, to ensure that following year targets are attainable. Further updates on the trajectory of performance were received at the Committee's meeting in November 2022, with the target to reduce spend on supplementary staffing showing some slippage. An additional update in January 2023 reported that whilst £6m of savings had been delivered by November 2022, with £2.4m on a recurring basis, this remained short of the £11.7m target set at the beginning of the financial year. These reports indicated the challenge of meeting saving targets against a backdrop of relentless demand and challenging economic conditions. The Financial Improvement & Sustainability Programme Board is not solely focussed on saving opportunities, but is also working closely with colleagues to increase productivity and capacity, reviewing on a frequent basis the ability to deliver the financial grip and control targets.
- 4.3 The creation of a medium-term financial plan, covering the period 2022/23 to 2024/25, has been the subject of detailed scrutiny at Committee meetings. The March 2022 Board-approved position of a year-end deficit of no more than £10.4m for 2022/23 has been captured within the plan, though this has been pressured by general inflation within the wider economy. A mid-year review report was considered by members in November 2022, noting that unrelenting pressures in patient demand, staffing shortages and an increase in non-pay costs as a result of inflation were key drivers behind a larger-than-expected overspend. A two-stage action plan was developed to mitigate increased costs, as detailed within the report to members. It was recognised that brokerage would be required for 2022/23, and the Committee considered the impact of the repayment profile across both three- and five-year plans. In March 2023, the next iteration of the medium-term plan was considered, covering 2023/24 to 2027/28, and scrutiny was undertaken of the high-level assumptions within. Further updates have been given to the Board directly, both at formal meetings and at Board Development Sessions, as financial plans have been considered and then formally approved.
- 4.4 In October 2021, the Board established a new Public Health & Wellbeing Committee, which has taken under its remit some public health-related areas previously covered by the Finance, Performance & Resources Committee (chiefly scrutiny over mental health performance

delivery in Child & Adolescent Mental Health Services (CAMHS) and Psychological Therapies (PT)). A comprehensive review of workplans and terms of reference of each committee has taken place, to limit the potential for any unnecessary duplication of effort and help clarify each committee's responsibilities over agenda items that might be tabled to more than one standing committee, as part of reporting through the governance structure. After completing its first full annual cycle of business during 2022/23, the Public Health & Wellbeing Committee has settled on a comprehensive workplan to ensure appropriate coverage of business throughout the year. This, in turn, has given the Finance, Performance & Resources Committee an opportunity for more focused agendas and enhanced scrutiny on the key aspects of performance and business aligned to its specific remit.

- 4.5 Updates have been given to the Committee on the Strategic Planning & Resource Allocation process, now in its third year of operation, which has generated key content to support the Annual Delivery Plan, financial and workforce plans and the Corporate Objectives for the year. It is considered that this focus will improve the overall lines of reporting and assurance to the Committee over the forthcoming year. Ongoing reports have been provided on the Population Health & Wellbeing Strategy development work, including details on the engagement approach and the development of the Population Health Needs Assessment, which has created the baseline for the new strategy. Development of the individual workstreams are being taken forward through a Portfolio approach involving all members of the Executive Directors' Group. Overall, the workstreams are linked to the five national care programmes that have been initiated by the Scottish Government. Engagement has taken place with staff, key stakeholders and members of the public, and updates have been given to the Committee thereon. At its March 2023 meeting, the Committee were pleased to endorse the content of the new strategy, following detailed full Board discussion. The Public Health & Wellbeing Committee is the lead Committee for the development of the new Strategy, though the Finance, Performance & Resources Committee will continue to have a specific role in the scrutiny and assurance of the financial plan aspects as these move towards the delivery phase.
- 4.6 The draft Corporate Objectives 2022/23 were presented to the Committee in May 2022. The report described what NHS Fife aims to achieve in-year, in tandem with a looking-back review of Directors' Objectives for 2021/22. Each objective has been carefully refined, with details on what Directors are leading on or supporting more generally. Assurance was provided that there was appropriate linkage to the Health & Social Care Partnership's strategic priorities and that those objectives for Acute will require strong collaborative working to be achievable. The objectives are framed under the four key strategic priorities of the Board, as aligned to national programmes, and reference the ongoing strategy development work undertaken in this reporting year. Each Board Committee has had a role in reviewing the objectives from their own specific perspective and, for the Finance, Performance & Resources Committee, linkage between these and the Strategic Planning & Resource Allocation process is explicit. Following review, the Committee were pleased to endorse the Corporate Objectives for onward submission to the Board for formal approval.
- 4.7 The Committee scrutinised operational performance at each meeting through review of the Integrated Performance & Quality Report (IPQR), specifically those measures that fall within its own remit (performance updates related to CAMHS and Psychological Therapies have now fully transitioned to come under the responsibility of the new Public Health & Wellbeing Committee). The Committee considered a report on the outcome of the IPQR review process at its July 2022 meeting and supported its recommendations on the enhancement of metrics and targets to be scrutinised by the Finance, Performance & Resources Committee. The impact of Covid on traditional key performance measures monitored by the Committee remains significant, particularly in relation to Treatment Times Guarantee measures, long waits within the Emergency Department, numbers of new referrals and diagnostic performance. In general, the plans to tackle the resultant backlog from the pause of services

during the height of the pandemic remains a significant focus of the Committee going forward. In September 2022, the Committee considered a specific briefing on the delivery of long wait targets for outpatients, elective surgery and diagnostics. Noting the challenges of meeting these targets whilst experiencing extreme unscheduled care and staffing pressures, the Committee took assurance from the Board's request made to Scottish Government for the required waiting times funding, noting the implications for the level of planned activity should this not be received in full. An update was given in November 2022, as part of the discussion of the IPQR report, noting that reduced funding had been granted by Scottish Government, which has meant that the full scope of the plan had been difficult to implement. Changes to the allocation model for orthopaedic surgery in the new National Treatment Centre will also impact on local waiting times performance, with the third theatre in the new build to be assigned largely to regional work. Members were assured that senior and clinical teams continue to have open and frank dialogue with Scottish Government colleagues, to indicate what financial support is required to deliver the full aspirations around waiting list targets.

- 4.8 Demand for unscheduled care services has continued to exceed expectation for much of the year, leading to significant pressures particularly at the front-door of the Emergency Department. Spikes in Covid-related and respiratory infections have continued to negatively impact upon the delay position and discharge / flow, with the Committee receiving regular updates via IPQR reporting, particularly over the winter period. Significant pressures on the workforce have also been reported. Scrutiny of the actions underway to improve the situation was undertaken, with members noting the negative impact on whole-system care, quality and workforce in consequence of the delay position. This year's Annual Delivery Plan (considered in private session in July 2022) has also detailed the measures aimed at recovering performance.
- 4.9 The Committee discussed planning for the Winter Period (as part of the Board's Annual Delivery Plan return) and reflected on Winter performance via a report on the 2021/22 period considered by members at the Committee's May 2022 meeting. It was recognised that, particularly with Covid activity ongoing, planning for pressures and surges was, in essence, a year-round activity, which goes beyond the actual Winter season. Services have been recovering as well as remobilising, and close working relationships (particularly with colleagues in the Health & Social Care Partnership) have been critical to managing delay and flow, with varying results across the year. It has been important for the Board to continuously review proposals to mitigate capacity issues, to ensure that pressures 365 days per year are accounted for in overall planning. Activity levels have at some periods been unrelenting, and the Committee were fully apprised of the impact this had on the variability of performance overall, particularly around key targets such as A&E attendances. Clinical prioritisation, however, ensures that the most urgent cases continue to receive timely treatment. The introduction of a new Operational Pressures Escalation Levels (OPEL) process, which became fully embedded over the reporting year, is helping manage day-to-day pressures, with clear triggers for action and escalation.
- 4.10 A briefing paper on the development of Assistant Practitioner roles was considered in detail by the Committee at its September 2022 meeting, focusing on the financial impacts on budgetary planning for the nursing workforce, as well as the processes for accountability and the career development pathways that could be best supported by this initiative. The Committee took broad assurance from the development of the roles and the training to be put in place to support staff, welcoming the proposal as an effort to make further enhancements to the workforce. The particular importance of utilising the full nursing budget appropriately to support staff, whilst the Board continues to experience a vacancy gap in Band 5 nursing posts, was recognised by members, noting the importance of creating career pathways for our staff to help mitigate the usage of agency and bank spend.

- 4.11 The Committee has considered a bi-annual update (in May and November) around the status of General Policies & Procedures, noting that the introduction of a new post-holder in the Corporate Governance support team has led to considerable work being undertaken during the reporting year to improve the follow-up processes, develop a prioritised workplan and to enhance the guidance available to staff, which is now readily accessible on StaffLink. A new escalation process to the Executive Directors' Group has also been established in-year. The format and content of the policy status report to the Committee has also been enhanced, to provide clearer detail and assurance around areas that require further follow-up work and to highlight risks of key policies remaining overdue for review. Members have previously been supportive of efforts to move to a more streamlined review process, utilising electronic software solutions where appropriate, though a decision remains to be made on the best way to take forward procurement of any software solution. However, dedicated staff resource secured to assist with the general administration and review of General Policies has helped to improve compliance and this is expected to help in the long term to reduce the backlog of overdue reviews. The Committee will receive ongoing updates on this, for assurance, whilst the backlog continues to be worked through
- 4.12 The Committee has held a series of dedicated Development Sessions throughout the year, allowing members to gain a greater understanding and to receive detailed briefings on a number of topics. In September 2022, members were pleased to welcome Alan Morrison from Scottish Government to provide a briefing on the National Capital Programme and funding assumptions from a Scottish Government perspective. This was complemented by a detailed presentation from the Director of Finance & Strategy on the development of the Board's medium-term financial strategy. In March 2023, the Committee took part in a presentation on the outcome of the Primary Care Premises Strategy and the findings of that review, recognising its importance to the wider issue of GP sustainability in particular.
- 4.13 The Committee considered progress in relation to the following capital schemes:
- National Treatment Centre Fife Orthopaedics
  - Hospital Electronic Prescribing & Medicines Administration (HEPMA)
  - Kincardine & Lochgelly Health Centres
  - Laboratory Information Management System (LIMS)
- 4.14 Ongoing quarterly updates were provided to members on the progress with the National Treatment Centre for Fife Orthopaedics construction project, which continued during 2022/23. In May 2022, members took assurance from an update detailing build progress and the mitigation actions underway to address materials shortages due to turbulence in global markets. The means by which quality and safety were being assured during construction was also detailed, as were the service models being developed and the workforce / recruitment programme to help support these. In September 2022, the update covered the initial work on site from the NHS Assure team during their construction key stage review. Updates were also given on the strategic plan and service model being developed by the Orthopaedic team and related musculoskeletal services, which outlined their plans to develop the National Treatment Centre into a centre of excellence for orthopaedic care. The Committee also welcomed the detail on the various enhancements being made to the build from funding received via Fife Health Charity, particularly those that enhance the patient and staff experience within the new building. In March 2023, members were delighted to receive a report confirming the official opening date of the new facility (23 March), following NHS Assure sign-off of the safety of the building, confirming its ability to deliver clinical and surgical services. The new National Treatment Centre in Fife is the first to open across Scotland and its specialty-leading facilities are already making an immediate impact on patients and staff.

- 4.15 At the Committee's March 2022 meeting, members received a report detailing significant contractual issues with the HEPMA contract award and the eventual ceasing of negotiation with the preferred supplier in January 2022. A full re-procurement exercise was subsequently carried out. In July 2022, the Committee considered a revised Full Business Case, endorsing the proposed contractor and supplier-managed service proposed. The Board subsequently gave formal approval to proceed with the terms outlined in the Full Business Case.
- 4.16 Updates on the business cases being developed for the new Kincardine & Lochgelly Health & Wellbeing Centres were delivered to the Committee at its 2022/23 meetings. Consultation with local stakeholders and design of the replacement Health Centres progressed throughout the year and, in May 2022, the Committee were pleased to receive the Outline Business Cases for full scrutiny. The linkages with the wider Primary Care Premises Strategy and workforce challenges were noted. Members were pleased to endorse the Outline Business Case for formal Board approval, this being granted at the end of May 2022.
- 4.17 The Committee held an Extraordinary Meeting in October 2022 to discuss the full business case created for the replacement of the current Laboratory Information Management System (LIMS). In order to meet tight deadlines linked to the commissioning of a new system, this detailed review of the business case and resulting supplier decision was delegated to the Committee by the Board in September 2023. Members received presentations from the Associate Director of Digital & Information and from senior managers in Acute, detailing the work underway to mitigate the risks of implementing a new system, which is critical to day-to-day clinical services. Following discussion on the preferred supplier's costs over the ten-year contractual period, with assurance that this can be supported from existing investment plans, the Committee were pleased to approve the business case, a decision which was homologated by the Board at its October 2022 meeting. A further update was given to members in March 2023, outlining additional mitigations available to NHS Fife to ensure continuity of service, including extending the implementation period beyond March 2023 for an additional six months, with continued use of the current software during that time. No additional financial costs have been borne by the Board, with these being met by the National Consortium Group.
- 4.18 In January 2023, members reviewed a report outlining the performance of the Fife Health & Social Care Partnership against meeting the targets detailed in the Ministerial Strategic Group report on Integration, published in 2019. It also benchmarked Fife against other Partnerships across Scotland. Fife Health & Social Care Partnership were the first to be assessed and the report highlighted several examples of good practice, with work required across six further areas to fully support integration principles. The Fife Integration Joint Board will continue to monitor progress and provide assurance on this through established assurance routes to the Health Board.
- 4.19 Regular reports on the work of the Fife Capital Investment Group (FCIG) have been considered at Committee meetings, with the paper reviewed in May 2022 detailing the outturn position for 2021/22, prioritisation of core capital funding, planned expenditure, and the proposed five-year plan for capital investment. In July 2022, members reviewed the proposed utilisation of the 2022/23 capital allocation, with members taking assurance from FCIG's detailed work around prioritisation of individual workstreams. In September 2022, detail was given on additional capital monies received by the Board, following successful bids to the National Infrastructure & Equipping Board. Costs related to the National Treatment Centre build were reported as largely being in line with budgeted levels, with some minor increases due to the impact of the Covid pandemic. At its November 2022 meeting, detail was also provided on the securing of an additional £2.7m in capital grants, to be applied to backlog maintenance projects, and £0.917m for digital and information projects and initiatives. Over the year, some £31m of capital spend has been allocated by the Group, a large percentage of which has been in support of the National Treatment Centre build.

- 4.20 In January 2023, a proposal for the re-financing of the PFI Phase 3 Victoria Hospital project was considered in private session, with the Committee noting the options under consideration by the Board. The annual Public Private Partnership (PPP) Monitoring Report for 2021/22, covering the sites of St Andrews Community Hospital and Phase 3 of the Victoria Hospital in Kirkcaldy, was considered by the Committee in March 2023, with members gaining assurance from the positive content detailed therein.
- 4.21 Members reviewed an update on the Property & Asset Management Strategy (PAMS) for 2021/22 at its July 2022 meeting, to address the annual requirement to provide a data response for the State of the NHS Scotland Assets & Facilities Report. Submission of the data allows NHS Scotland Assure to establish a position regarding the NHS estate across Scotland. The data also allows individual Boards to understand the position regarding their own estate, which in turn allows a plan to be developed in the form of a PAMS. It was reported that the Board's submission, made in June 2022, would be captured in the introductory session of the PAMS for 2022/23. The creation of a new PAMS would allow this to be fully aligned and embedded as an integral part of the organisational Population Health & Wellbeing Strategy.
- 4.22 At its meeting in September 2022, the 2022 Interim PAMS was considered in detail by members. It is recognised that the PAMS document is an important supporting enabling framework to the delivery of the organisational strategy, describing how the NHS Fife estate will help deliver and support its strategic ambitions. The current update gave a local focus to the work underway in NHS Fife related to Anchor Institution ambitions, plus further detail on our plans to improve Environmental Sustainability through our work on zero carbon initiatives, enhancing green spaces and embracing biodiversity. Members noted that NHS Fife has a large estate footprint and diverse asset base, with considerable potential for this to be better exploited in the future. The updated document also addresses a number of recent Internal Audit recommendations, particularly in relation to alignment with the developing Population Health & Wellbeing Strategy and development of an action plan where delivery progress can be effectively monitored. Members greatly welcomed the report's enhancements and streamlining, noting its strategic focus across the wider organisation has direct relevance to the work underway in delivering a new organisational strategy to help serve our local communities. It also provides a context for the review of future infrastructure investment proposals / business cases, to ensure strategic intent in the development of estates-related initiatives.
- 4.23 The Committee has in previous years considered a number of reports around the Primary Care estate, including the Transfer of Third-Party Leases from GP practices and an ongoing Primary Care Premises Review, the purpose of which are to help support GP sustainability and are an important cornerstone of the work being undertaken to review the NHS Fife property / asset needs and requirements over the longer term. In March 2023, an update report on the ongoing tender process for three 2C Board-managed GP practices in Fife was considered by members. An external procurement process has recently concluded, with notes of interest currently being assessed before the formal decision-making process is undertaken in May 2023.
- 4.24 The Committee has received a briefing on the designation of Phase 1 and Phase 2 of Victoria Hospital, Kirkcaldy with listed building status from Historic Environment Scotland. Phase 1 has been listed as Category C, it being a representative example of the new type of centralised hospital building established from the 1950s. Phase 2 has been listed as Category B, reflecting its status as a major example of a new type of high-rise hospital design from the 1960s in Scotland, of which few examples survive in such an unaltered state. Members noted the process that will be required to be undertaken to carry out future refurbishment work to either of the sites, after due liaison with the local authority.

- 4.25 The Committee received a number of updates on a Community Asset Transfer request, submitted under the Community Empowerment Act 2015, by a charity body seeking a long-term lease of mainly agricultural land adjacent to the Stratheden Hospital site. A short life working group with broad membership was established to formally evaluate the request and its supporting business case against the defined criteria described in the legislation. A scoring matrix was developed to enable the proposal to be appraised against key indicators. The working group's conclusions were considered at the Committee's May 2022 meeting, with the Board subsequently rejecting the request at its subsequent meeting. Since that decision, the charity body has formally appealed, Scottish Ministers appointed an independent reporter to assess the case (as detailed further in an update to the November 2022 meeting) and subsequently concluded in favour of the charity body, overruling the Board's previous decision. The formal negotiations for a lease of the requested land will accordingly feature in the 2023/24 workplan of the Committee.
- 4.26 A briefing on the provision of automated prescription locker boxes within Fife, and the possibility of legal challenge to the Board, was given to members at the November 2022 meeting, noting the possibly financial implications of a likely judicial review.
- 4.27 In November 2022, the Committee considered and endorsed the Annual Procurement Report, which sets out compliance with national standards in relation to procurement. At the same meeting, members considered a series of twelve Key Performance Indicators for the Procurement service, in order to assess the service's performance against its key strategic ambitions and aid oversight of financial controls. In year, the tender threshold limit for equipment and other goods and services within the Financial Operating Procedures and Standing Financial Instructions has been increased to £50k, to bring the Board in line with other territorial boards and the limits detailed in the Procurement Reform (Scotland) Act 2014.
- 4.28 The Committee considered internal audit reports relevant to its remit and the actions required thereunder, which are monitored for completion by the Audit & Risk Committee. In July 2022, the Committee received the internal audit reports on Procurement Governance and Financial Process Compliance, with the auditors' findings discussed and noted. The Annual Internal Audit report for 2021/22 was also considered at the same meeting, with members noting the comments from the auditors on the areas of financial planning and performance, delivery of efficiency savings, capital investment and asset management, and best value. The auditors' action point in relation to development of an implementation plan for the Property & Asset Management Strategy has been actioned in-year. In September 2022, members took assurance from the positive report tabled on post-transaction monitoring. In addition, in July 2022, the Committee received the annual report on the Laboratories Managed Service Contract, focused on the performance against contract.
- 4.29 Minutes of Committee meetings have been approved by the Committee and presented to Fife NHS Board. The Board also receives a verbal update at each meeting from the Chair, highlighting any key issues discussed by the Committee at its preceding meeting. The Committee maintains a rolling action log to record and manage actions agreed from each meeting, and reviews progress against deadline dates at subsequent meetings. The format of the action log has been enhanced, to provide greater clarity on priority actions and their due dates.

## **5. Outcomes**

- 5.1 The Committee has, through its scrutiny and monitoring of regular finance reports and other one-off reports, been able to assure the Board that NHS Fife:



- complied with statutory financial requirements and achieved its financial targets for the financial year 2022/23 subject to external audit;
- met specific reporting timetables to both the Board and the Scottish Government Health & Social Care Directorates;
- delivered £9.7m of the in-year efficiency saving target of £11.7m, and secured the required Scottish Government support for the historical underlying financial gap associated with a recurring overspend in Acute services; and
- has taken account of planned future policies and known or foreseeable future developments in the financial planning process.

## **6 Best Value**

- 6.1 The introduction of both the SPRA process in 2020/21 and the Financial Improvement & Sustainability Programme in 2022/23 build on the aims of the previous organisational Best Value Framework (2018). Their combined impact facilitates a more effective triangulation of workforce, operational and financial planning, which supports the promotion and delivery of best value across all of our resource allocation. The Committee supported both these initiatives and throughout 2022/23 received progress reports and plans for consideration. The Committee were able to take ongoing assurance that the organisation had the plans and processes in place to promote and deliver best value.
- 6.2 Appendix 2 provides evidence of where and when the Committee considered the relevant best value characteristics during 2022/23.

## **7 Risk Management**

- 7.1 In line with the Board's agreed risk management arrangements, the Committee has considered risk through a range of reports and scrutiny activity, including oversight on the detail of the Board Assurance Frameworks covering Financial Sustainability, Strategic Planning and Environmental Sustainability and, latterly within the reporting year, the specific risks aligned to the Committee under the revised Corporate Risk Register. Progress and appropriate actions were noted.
- 7.2 From July 2022, the Public Health & Wellbeing Committee took over lead scrutiny of the Strategic Planning Board Assurance Framework (BAF) from the Finance, Performance & Resources Committee, though this continued to be reported to the Committee for assurance purposes. Improvement to the risk level has been seen in-year, due to the detailed work undertaken to create the required structures, engagement activities and governance to support the development of the Board's new Population Health & Wellbeing Strategy and full resourcing of the Corporate Programme Management Office. As part of the move to a refreshed Corporate Risk Register during 2022/23, a new risk has been drafted around the effectiveness of strategy and its delivery, which will be monitored also by the Committee in the year ahead.
- 7.3 At its meeting in May 2022, the Committee received a progress update report on the risk management improvement programme being undertaken during the reporting year. As part of the process of developing a new Corporate Risk Register to replace the BAF, supporting work has also been undertaken to review the escalation process within the Board structure and to create a risk dashboard for regular reporting through the IPQR. The work has also provided an opportunity to undertake a meaningful assessment of strategic-level risks and to strengthen these, particularly in the areas linked to the delivery of the new organisational strategy, lack of resources (both workforce and capital) to deliver on its ambitions, equality and diversity-related measures, and to explicitly reference sustainability and climate change workstreams. Linkages to the Board's overall risk appetite have been discussed with members, noting that for those

individual metrics currently facing a risk profile in excess of the Board's agreed appetite, a degree of tolerance has been agreed, given the scale of external challenges at this time.

- 7.4 The replacement of the BAF by the Corporate Risk Register has allowed for revision of the key strategic risks reported to the Board, along with presentation improvements to aid clarity of members' understanding. The Committee considered the full set of draft Corporate Strategic Risks at its meeting in September 2022, noting the proposed 18 risks, their mapping against the Board's strategic priorities, and the proposed visual presentation of these in report form. Six specific corporate risks are aligned to the Finance, Performance & Resources Committee. It is noted that refinement of these will continue over the coming year, as the new risk presentation beds in. The risks aligned specifically to the Finance, Performance & Resources Committee cover the areas of whole-system capacity; access to outpatient, diagnostic and treatment services; Cancer waiting times; delivery of a balanced in-year financial position and recurring financial balance over the medium term; and prioritisation and management of capital funding. In addition to the summary presentation of the aligned risks at all meetings since November 2022, members have received deep-dive information on the medium-term financial position (January 2023) and the access to outpatient, diagnostic and treatment services risk (March 2023), with in-depth review of bank and agency spend and utilisation scheduled for May 2023. Deep dives allow for greater scrutiny of the root causes of risks and discussion on the effectiveness of management actions in place to reduce risk levels. This area of the new risk management approach is expected to mature in the year ahead, to provide members with the necessary levels of assurance on the effectiveness of mitigating actions.
- 7.5 The Committee took assurance from and closely monitored progress in mitigating a range of environmental and estate sustainability risks, noting that two of the three residual operational risks in this area required the completion of the Elective Orthopaedic Centre build (achieved in March 2023) before these could be closed (both relate to activity being undertaken during part of the reporting year in the Phase 2 Tower Block at VHK and require the move of all non-ambulatory patients from this location). Enhancing fire safety training has reduced and mitigated this risk until the new orthopaedic wards are opened. The remaining risk, in relation to the replacement of flexible hoses by the PFI contractors for Victoria Hospital and St Andrews Community Hospital, is being addressed by an ongoing programme of work covered by a lifecycle contract.

## **8 Self-Assessment**

- 8.1 The Committee has undertaken a self-assessment of its own effectiveness, utilising a questionnaire considered and approved by the Committee Chair. Attendees were also invited to participate in this exercise, which was carried out via an easily accessible online portal. A report summarising the findings of the survey was considered and approved by the Committee at its March 2023 meeting, and action points are being taken forward at both Committee and Board level.

## **9. Conclusion**

- 9.1 As Chair of the Finance, Performance and Resources Committee, I am satisfied that the integrated approach, the frequency of meetings, the breadth of the business undertaken and the range of attendees at meetings of the Committee has allowed us to fulfil our remit as detailed in the Code of Corporate Governance. As a result of the work undertaken during the year, I can confirm that adequate financial planning and monitoring and governance arrangements were in place throughout NHS Fife during the year, including scrutiny of all aspects of non-financial performance metrics, noting the continuing impact of the backlog from the Covid period upon the indicators generally.

9.2 I would pay tribute to the dedication and commitment of fellow members of the Committee and to all attendees. I would thank all those members of staff who have prepared reports and attended meetings of the Committee.

Signed: 

Date: 9 May 2023

**Alistair Morris, Chair**

On behalf of the Finance, Performance & Resources Committee

**Appendix 1 – Attendance Schedule**

**Appendix 2 – Best Value**

**FINANCE, PERFORMANCE & RESOURCES COMMITTEE  
ATTENDANCE SCHEDULE 2022/23**

	10.05.22	12.07.22	13.09.22	17.10.22	15.11.22	17.01.23	14.03.23
<b>Members</b>							
<b>R Laing</b> , Non-Executive Member ( <b>Chair</b> )	✓						
<b>A Morris</b> , Non-Executive Member ( <b>Chair</b> )	✓	✓	✓	✓	✓	✓	✓
<b>W Brown</b> , Non-Executive Stakeholder Member	✓	✓	✓	x	✓	x	✓
<b>Cllr D Graham</b> , Non-Executive Stakeholder Member						✓	✓
<b>A Grant</b> , Non-Executive Member	✓	✓	✓	✓	✓	✓	✓
<b>J Kemp</b> , Non-Executive Member					✓	✓	✓
<b>A Lawrie</b> , Area Clinical Forum Representative	✓	x	x	x	✓	✓	x
<b>M Mahmood</b> , Non-Executive Director	✓	x	x	✓	✓	✓	✓
<b>M McGurk</b> , Director of Finance & Strategy (Exec Lead)	✓	✓	✓	✓	✓	✓	✓
<b>C McKenna</b> , Medical Director	x	x	x	✓	✓	✓	✓
<b>J Keenan</b> , Director of Nursing	✓	✓	x	✓	✓	x	✓
<b>C Potter</b> , Chief Executive	✓	✓	x	✓	✓	✓	x
<b>J Tomlinson</b> , Director of Public Health	x	✓	✓	✓	✓	✓	✓

**In attendance**

<b>L Barker</b> , Associate Director of Nursing			✓				
<b>J Brown</b> , Head of Pharmacy		✓					
<b>N Connor</b> , Director of H&SC	✓	✓	✓	x	✓	✓	✓
<b>G Couser</b> , Associate Director of Quality & Clinical Governance			✓ Items 1 – 7.1				
<b>P Cumming</b> , Risk Manager	✓ Item 5.5						
<b>C Dobson</b> , Director of Acute Services	✓	x	x	x	✓	✓	✓
<b>F Forrest</b> , Deputy Director of Pharmacy				✓			
<b>S Fraser</b> , Associate Director of Planning & Performance	✓	✓					✓
<b>D Galloway</b> , General Manager (WCCS)				✓			
<b>A Graham</b> , Associate Director of Digital & Information				✓			
<b>B Hannan</b> , Director of Pharmacy & Medicines	✓	x	✓	x	✓	✓	✓

## APPENDIX 1

	10.05.22	12.07.22	13.09.22	17.10.22	15.11.22	17.01.23	14.03.23
<b>B Johnston</b> , Head of Capital Planning & Project Director	✓ Item 6.4		✓ Items 6.3 & 6.4				
<b>F MacKay</b> , Head of Strategic Planning, Performance & Commissioning				✓		✓ Item 6.1	
<b>G MacIntosh</b> , Head of Corporate Governance & Board Secretary	✓	✓	✓	✓	✓	✓	✓
<b>S McCormack</b> , Associate Medical Director, Emergency & Planned Care							✓
<b>N McCormick</b> , Director of Property & Asset Management	✓	✓	✓	x	✓	✓	✓
<b>S McGlashan</b> , Microbiology Service Manager				✓			
<b>M Michie</b> , Deputy Director of Finance	✓	✓	✓	x	✓	✓	✓
<b>N Robertson</b> , Associate Director of Nursing						✓	
<b>H Thomson</b> , Board Committee Support Officer					✓ Item 6.2		
<b>M Watters</b> , ST4 (Obstetrics & Gynaecology)					✓ Observing		
<b>A Wilson</b> , Waiting Times General Manager			✓ Item 6.7				

**BEST VALUE FRAMEWORK**

**Vision and Leadership**

A Best Value organisation will have in place a clear vision and strategic direction for what it will do to contribute to the delivery of improved outcomes for Scotland’s people, making Scotland a better place to live and a more prosperous and successful country. The strategy will display a clear sense of purpose and place and be effectively communicated to all staff and stakeholders. The strategy will show a clear direction of travel and will be led by Senior Staff in an open and inclusive leadership approach, underpinned by clear plans and strategies (aligned to resources) which reflect a commitment to continuous improvement.

REQUIREMENT	MEASURE / EXPECTED OUTCOME	RESPONSIBILITY	TIMESCALE	OUTCOME / EVIDENCE
Resources required to achieve the strategic plan and operational plans e.g. finance, staff, asset base are identified and additional / changed resource requirements identified.	Financial Plan Workforce Plan Property & Asset Management Strategy	<b>FINANCE, PERFORMANCE &amp; RESOURCES COMMITTEE</b>  <b>STAFF GOVERNANCE COMMITTEE</b>  <b>BOARD</b>	Annual  Annual Annual Bi-annual  Bi-monthly	Annual Delivery Plan  Financial Plan  Workforce Plan  Property & Asset Management Strategy  Integrated Performance & Quality Report
The strategic plan is translated into annual operational plans with meaningful, achievable actions and outcomes and clear responsibility for action.	Winter Plan Capacity Plan	<b>FINANCE, PERFORMANCE &amp; RESOURCES COMMITTEE</b>  <b>CLINICAL GOVERNANCE COMMITTEE</b>  <b>BOARD</b>	Annual  Bi-monthly  Bi-monthly	Winter Plan  Minutes of Committees  Integrated Performance & Quality Report

**GOVERNANCE AND ACCOUNTABILITY**

The “Governance and Accountability” theme focuses on how a Best Value organisation achieves effective governance arrangements, which help support Executive and Non-Executive leadership decision-making, provide suitable assurances to stakeholders on how all available resources are being used in delivering outcomes and give accessible explanation of the activities of the organisation and the outcomes delivered.

A Best Value organisation will be able to demonstrate structures, policies and leadership behaviours which support the application of good standards of governance and accountability in how the organisation is improving efficiency, focusing on priorities and achieving value for money in delivering its outcomes. These good standards will be reflected in clear roles, responsibilities and relationships within the organisation. Good governance arrangements will provide the supporting framework for the overall delivery of Best Value and will ensure open-ness and transparency. Public reporting should show the impact of the organisation’s activities, with clear links between the activities and what outcomes are being delivered to customers and stakeholders. Good governance provides an assurance that the organisation has a suitable focus on continuous improvement and quality. Outwith the organisation, good governance will show itself through an organisational commitment to public performance reporting about the quality of activities being delivered and commitments for future delivery.

<b>REQUIREMENT</b>	<b>MEASURE / EXPECTED OUTCOME</b>	<b>RESPONSIBILITY</b>	<b>TIMESCALE</b>	<b>OUTCOME / EVIDENCE</b>
Board and Committee decision-making processes are open and transparent.	Board meetings are held in open session and minutes are publicly available.  Committee papers and minutes are publicly available	<b>BOARD</b>  <b>COMMITTEES</b>	On going	NHS Fife website
Board and Committee decision-making processes are based on evidence that can show clear links between activities and outcomes	Reports for decision to be considered by Board and Committees should clearly describe the evidence underpinning the proposed decision.	<b>BOARD</b>  <b>COMMITTEES</b>	Ongoing	SBAR reports  EQIA section on all reports

**APPENDIX 2**

<b>REQUIREMENT</b>	<b>MEASURE / EXPECTED OUTCOME</b>	<b>RESPONSIBILITY</b>	<b>TIMESCALE</b>	<b>OUTCOME / EVIDENCE</b>
NHS Fife conducts rigorous review and option appraisal processes of any developments.	Business cases	<b>BOARD</b> <b>FINANCE, PERFORMANCE &amp; RESOURCES COMMITTEE</b>	Ongoing	Business Cases



**USE OF RESOURCES**

The “Use of Resources” theme focuses on how a Best Value organisation ensures that it makes effective, risk-aware and evidence-based decisions on the use of all of its resources.

A Best Value organisation will show that it is conscious of being publicly funded in everything it does. The organisation will be able to show how its effective management of all resources (including staff, assets, information and communications technology (ICT), procurement and knowledge) is contributing to delivery of specific outcomes.

REQUIREMENT	MEASURE / EXPECTED OUTCOME	RESPONSIBILITY	TIMESCALE	OUTCOME / EVIDENCE
NHS Fife understands and measures and reports on the relationship between cost, quality and outcomes.	Reporting on financial position in parallel with operational performance and other key targets	<b>BOARD</b>  <b>FINANCE, PERFORMANCE &amp; RESOURCES COMMITTEE</b>	Bi-monthly	Integrated Performance & Quality Report
The organisation has a comprehensive programme to evaluate and assess opportunities for efficiency savings and service improvements including comparison with similar organisations.	National Benchmarking undertaken through Corporate Finance Network.  Local benchmarking with similar sized organisation undertaken where information available.  Participation in National Shared Services Programme  Systematic review of activity / performance data through use of Discovery tool	<b>FINANCE, PERFORMANCE &amp; RESOURCES COMMITTEE</b>  <b>BOARD</b>	Annual  Bi-monthly  Ongoing	Financial Plan  Integrated Performance & Quality Report  Financial overview presentations

**APPENDIX 2**

<b>REQUIREMENT</b>	<b>MEASURE / EXPECTED OUTCOME</b>	<b>RESPONSIBILITY</b>	<b>TIMESCALE</b>	<b>OUTCOME / EVIDENCE</b>
Organisational budgets and other resources are allocated and regularly monitored.	Annual Delivery Plan  Integrated Performance & Quality Report	<b>FINANCE, PERFORMANCE &amp; RESOURCES COMMITTEE</b>	Bi-monthly	Integrated Performance & Quality Report  SPRA Process
NHS Fife has a strategy for procurement and the management of contracts (and contractors) which complies with the SPFM and demonstrates appropriate competitive practice.	Code of Corporate Governance  Financial Operating Procedures	<b>FINANCE, PERFORMANCE &amp; RESOURCES COMMITTEE</b>	Reviewed annually	Code of Corporate Governance  Financial Operating Procedures  Procurement Annual Report
NHS Fife understands and exploits the value of the data and information it holds.	Annual Delivery Plan  Integrated Performance & Quality Report	<b>BOARD</b>  <b>COMMITTEES</b>	Annual  Bi-monthly	Annual Delivery Plan  Integrated Performance & Quality Report

**APPENDIX 2**

<b>REQUIREMENT</b>	<b>MEASURE / EXPECTED OUTCOME</b>	<b>RESPONSIBILITY</b>	<b>TIMESCALE</b>	<b>OUTCOME / EVIDENCE</b>
Fixed assets including land, property, ICT, equipment and vehicles are managed efficiently and effectively and are aligned appropriately to organisational strategies.	Property and Asset Management Strategy	<b>FINANCE, PERFORMANCE &amp; RESOURCES COMMITTEE</b>	Bi-annual  Ongoing  Bi-monthly  Monthly	Property and Asset Management Strategy  Report on asset disposals  Integrated Performance & Quality Report  Minutes of NHS Fife Capital Investment Group

**PERFORMANCE MANAGEMENT**

The “Performance Management” theme focuses on how a Best Value organisation embeds a culture and supporting processes which ensures that it has a clear and accurate understanding of how all parts of the organisation are performing and that, based on this knowledge, it takes action that leads to demonstrable continuous improvement in performance and outcomes.

A Best Value organisation will ensure that robust arrangements are in place to monitor the achievement of outcomes (possibly delivered across multiple partnerships) as well as reporting on specific activities and projects. It will use intelligence to make open and transparent decisions within a culture which is action and improvement oriented and manages risk. The organisation will provide a clear line of sight from individual actions through to the National Outcomes and the National Performance Framework. The measures used to manage and report on performance will also enable the organisation to provide assurances on quality and link this to continuous improvement and the delivery of efficient and effective outcomes.

REQUIREMENT	MEASURE / EXPECTED OUTCOME	RESPONSIBILITY	TIMESCALE	OUTCOME / EVIDENCE
<p>Performance is systematically measured across all key areas of activity and associated reporting provides an understanding of whether the organisation is on track to achieve its short and long-term strategic, operational and quality objectives</p>	<p>Integrated Performance &amp; Quality Report encompassing all aspects of operational performance, AOP targets / measures, and financial, clinical and staff governance metrics.</p> <p>The Board delegates to Committees the scrutiny of performance</p> <p>Board receives full Integrated Performance &amp; Quality Report and notification of any issues for escalation from Committees.</p>	<p><b>COMMITTEES</b></p> <p><b>BOARD</b></p>	<p>Every meeting</p>	<p>Integrated Performance &amp; Quality Report</p> <p>Code of Corporate Governance</p> <p>Minutes of Committees</p>

**APPENDIX 2**

<b>REQUIREMENT</b>	<b>MEASURE / EXPECTED OUTCOME</b>	<b>RESPONSIBILITY</b>	<b>TIMESCALE</b>	<b>OUTCOME / EVIDENCE</b>
The Board and its Committees approve the format and content of the performance reports they receive	The Board / Committees review the Integrated Performance & Quality Report and agree the measures.	<b>COMMITTEES</b> <b>BOARD</b>	Annual	Integrated Performance & Quality Report
Reports are honest and balanced and subject to proportionate and appropriate scrutiny and challenge from the Board and its Committees.	Committee Minutes show scrutiny and challenge when performance is poor as well as good; with escalation of issues to the Board as required	<b>COMMITTEES</b> <b>BOARD</b>	Every meeting	Integrated Performance & Quality Report  Minutes of Committees
The Board has received assurance on the accuracy of data used for performance monitoring.	Performance reporting information uses validated data.	<b>COMMITTEES</b> <b>BOARD</b>	Every meeting  Annual	Integrated Performance & Quality Report  Annual Accounts including External Audit report

**APPENDIX 2**

<b>REQUIREMENT</b>	<b>MEASURE / EXPECTED OUTCOME</b>	<b>RESPONSIBILITY</b>	<b>TIMESCALE</b>	<b>OUTCOME / EVIDENCE</b>
<p>NHS Fife’s performance management system is effective in addressing areas of underperformance, identifying the scope for improvement, agreeing remedial action, sharing good practice and monitoring implementation.</p>	<p>Encompassed within the Integrated Performance &amp; Quality Report</p>	<p><b>COMMITTEES</b> <b>BOARD</b></p>	<p>Every meeting</p>	<p>Integrated Performance &amp; Quality Report  Minutes of Committees</p>

**CROSS-CUTTING THEME – SUSTAINABILITY**

The “Sustainability” theme is one of the two cross-cutting themes and focuses on how a Best Value organisation has embedded a sustainable development focus in its work.

The goal of Sustainable Development is to enable all people throughout the world to satisfy their basic needs and enjoy a better quality of life without compromising the quality of life of future generations. Sustainability is integral to an overall Best Value approach and an obligation to act in a way which it considers is most sustainable is one of the three public bodies’ duties set out in section 44 of the Climate Change (Scotland) Act 2009. The duty to act sustainably placed upon Public Bodies by the Climate Change Act will require Public Bodies to routinely balance their decisions and consider the wide range of impacts of their actions, beyond reduction of greenhouse gas emissions and over both the short and the long term.

The concept of sustainability is one which is still evolving. However, five broad principles of sustainability have been identified as:

- promoting good governance;
- living within environmental limits;
- achieving a sustainable economy;
- ensuring a stronger healthier society; and
- using sound science responsibly.

Individual Public Bodies may wish to consider comparisons within the wider public sector, rather than within their usual public sector “family”. This will assist them in getting an accurate gauge of their true scale and level of influence, as well as a more accurate assessment of the potential impact of any decisions they choose to make.

A Best Value organisation will demonstrate an effective use of resources in the short-term and an informed prioritisation of the use of resources in the longer-term in order to bring about sustainable development. Public bodies should also prepare for future changes as a result of emissions that have already taken place. Public Bodies will need to ensure that they are resilient enough to continue to deliver the public services on which we all rely.

REQUIREMENT	MEASURE / EXPECTED OUTCOME	RESPONSIBILITY	TIMESCALE	OUTCOME / EVIDENCE
NHS Fife can demonstrate that it respects the limits of the planet’s environment, resources and biodiversity in order to improve the environment and ensure that the natural resources needed for life are	Sustainability and Environmental report incorporated in the Annual Accounts process.	<b>FINANCE, PERFORMANCE &amp; RESOURCES COMMITTEE</b>  <b>BOARD</b>	Annual	Annual Accounts

**APPENDIX 2**

<b>REQUIREMENT</b>	<b>MEASURE / EXPECTED OUTCOME</b>	<b>RESPONSIBILITY</b>	<b>TIMESCALE</b>	<b>OUTCOME / EVIDENCE</b>
unimpaired and remain so for future generations.				Climate Change Template



**CROSS-CUTTING THEME – EQUALITY**

The “Equality” theme is one of the two cross-cutting themes and focuses on how a Best Value organisation has embedded an equalities focus which will secure continuous improvement in delivering equality.

Equality is integral to all our work as demonstrated by its positioning as a cross-cutting theme. Public Bodies have a range of legal duties and responsibilities with regard to equality. A Best Value organisation will demonstrate that consideration of equality issues is embedded in its vision and strategic direction and throughout all of its work.

The equality impact of policies and practices delivered through partnerships should always be considered. A focus on setting equality outcomes at the individual Public Body level will also encourage equality to be considered at the partnership level.

<b>REQUIREMENT</b>	<b>MEASURE / EXPECTED OUTCOME</b>	<b>RESPONSIBILITY</b>	<b>TIMESCALE</b>	<b>OUTCOME / EVIDENCE:</b>
NHS Fife meets the requirements of equality legislation.		<b>BOARD</b> <b>COMMITTEES</b>	Ongoing	EQIA section on all reports
The Board and senior managers understand the diversity of their customers and stakeholders.	Equality Impact Assessments are reported to the Board and Committees as required and identify the diverse range of stakeholders.	<b>BOARD</b> <b>COMMITTEES</b>	Ongoing	EQIA section on all reports
NHS Fife’s policies, functions and service planning overtly consider the different current and future needs and access requirements of groups within the community.	In accordance with the Equality and Impact Assessment Policy, Impact Assessments consider the current and future needs and access requirements of the groups within the community.	<b>BOARD</b> <b>COMMITTEES</b>	Ongoing	Development of new Strategy  EQIA section on reports

**APPENDIX 2**

<b>REQUIREMENT</b>	<b>MEASURE / EXPECTED OUTCOME</b>	<b>RESPONSIBILITY</b>	<b>TIMESCALE</b>	<b>OUTCOME / EVIDENCE:</b>
Wherever relevant, NHS Fife collects information and data on the impact of policies, services and functions on different equality groups to help inform future decisions.	In accordance with the Equality and Impact Assessment Policy, Impact Assessments will collect this information to inform future decisions.	<b>BOARD</b>  <b>COMMITTEES</b>	Ongoing	EQIA section on reports