

GREATER GLASGOW NHS BOARD

**Minutes of the meeting of the
Performance Review Group held at 11.00 a.m.
on Wednesday, 22 October 2003 in
Conference Room 1, Dalian House, Glasgow**

PRESENT

Mr A O Robertson OBE (in the Chair)

Mr R Cleland	Mrs S Kuenssberg CBE (except Item 13)
Mr W Goudie	Dr J Nugent
Cllr. J Handibode	Mrs E Smith

IN ATTENDANCE

Mr R Calderwood	...	Chief Executive, South Acute Trust
Mr T P Davison	...	Chief Executive, North Acute Trust
Mr T A Divers OBE	...	Chief Executive, NHS Board
Mrs W Hull	...	Director of Finance, NHS Board
Mr I Reid	...	Chief Executive, Primary Care Trust
Mr C Revie	...	PricewaterhouseCoopers, External Auditors (to Item 13)
Mr J C Hamilton	...	Head of Board Administration

ACTION BY

12. **APOLOGIES**

Apologies for absence were submitted on behalf of Cllr. J Coleman and Cllr D Collins. In addition, Mr Robertson advised that the remaining NHS Board Members who were not Members of the Performance Review Group had been invited to attend this meeting due to the nature of the business to be transacted. At the NHS Board meeting on Tuesday, 21 October 2003 it had been reported that there was an open invitation to all NHS Board Members to attend the Performance Review Group on 22 October 2003 as it was being required to consider the ACAD Procurement Process and the Laundry Business Plan.

Apologies were submitted on behalf of all remaining NHS Board Members.

Mr Robertson asked Members if they would agree to moving Agenda Item 6 – Implementation of Acute Services – ACAD Procurement Process, and 7 – Laundry Business Plan to the beginning of the Agenda. This was agreed.

13. **IMPLEMENTATION OF ACUTE SERVICES – ACAD PROCUREMENT PROCESS**

Mrs S Kuenssberg declared an interest in this matter and left the meeting during consideration of this item.

There was submitted a paper by the Programme Director (Acute) and the Director of Finance [Paper No. 03/05] which reviewed the chronology of events in taking forward the single-bidder process since the July NHS Board meeting and provided recommendations on the next steps.

Members had also received, under separate cover, a paper [Paper No. 03/05a] which enclosed the External Auditors' Report and letter of 17 October 2003 on the ACAD procurement process and the next steps. Mr C Revie, PricewaterhouseCoopers, External Auditors, was in attendance to discuss with Members any issues raised in his letter and report.

Mr Calderwood took Members through the issues contained in the paper. He updated on the progress that had been made since the NHS Board had given approval at its July 2003 meeting to proceeding to the next stage with a potential partner and the other agencies and interests involved in the process. The NHS Board had been anxious to seek assurances on the process of engaging with a single potential bidder and Mr Calderwood summarised the documentation which provided this assurance:

- i) Confirmation that the External Auditors were content with the process, which had resulted in a single bidder, and that the NHS Board had followed the required guidance and rules.
- ii) The setting out of proposals developed by the Financial Advisers to manage the risks associated with proceeding with a single bidder.
- iii) Confirmation of the overall Bid Development Process, as set out by the Legal Advisers, which incorporated the "Strategy for Proceeding with a Single Bid" and provided a framework against which outputs at each stage of the process should be assessed.
- iv) Confirmation that the affordability of the project remained under constant review.
- v) Confirmation that the revenue requirements would be framed within the Board's overall financial plan over the four years, 2004/5 to 2007/8, albeit with some opportunity costs to other new investments in the same period.

Mr Calderwood advised Members that he had been in correspondence with the Scottish Executive Health Department about the ACAD Procurement Process and had shared with them the paperwork being considered today by the Performance Review Group. In reply, the Health Department had stated they were content with the robustness of the process and encouraged the NHS Board to move to the next stages of the process. The Health Department had raised issues which they would like to have considered – namely, contingency plans, senior management resourcing for the project and continued public and staff involvement in the design process. The Health Department awaited with interest Members' consideration of moving to the next stages of the process.

Mr Calderwood also advised of correspondence he had had with the single bidder, which while setting out some clear principles on transparency and value for money, was supportive of continuing to be involved with the bid development process under way, and their continued willingness and ability to resource the bid timetable.

Mr Revie commented on his letter to the Programme Director (Acute) of 18 August 2003 and his letter of 17 October with its attached Appendix, and advised that the processes described by the NHS Board enabled the External Auditors to conclude that they were content with the openness of the NHS Board's process and direction of travel. Mr Revie was aware that the documents, at this stage, did not contain all the detailed methodologies, although it was appreciated that these would be finalised if it was decided to proceed to the next stages of the process.

Mr Revie emphasised the importance of the development of the public sector comparator to ensure value for money and to ensure the robustness of the calculations and assumptions.

Mr Calderwood described the development of a “Shadow Bid Model” – which would assume the same technical aspects of the Public Sector Comparator but would be built-up as a private sector bid, making assumptions about risk transfer, SPV and financing costs. In addition, there would be strict affordability thresholds against which the bidder’s proposals would be judged.

Members discussed the process to date and the next steps that would be necessary if authority was given to proceed.

The Performance Review Group was satisfied with the process described since the July NHS Board meeting and was content that a submission should be made to the Scottish Executive Health Department to proceed on the basis of the “Strategy for Proceeding with a Single Bidder”.

DECIDED:

1. That the External Auditors’ letters and report be received and noted.
2. That the steps set out with regard to actively engaging with a single bidder on the basis of the “Strategy for Proceeding with a Single Bidder” and Value for Money proposals be accepted.
3. That the officers proceed to the next steps of the process and submit proposals to the Scottish Executive Health Department for approval.
4. That NHS Board Members received a summary of the discussions at the Performance Review Group as soon as possible and in addition to the Minutes a report should also be submitted to the NHS Board meeting in November 2003 on the ACAD Procurement Process.

**Programme
Director (Acute)**

**Chief Executive/
Programme
Director (Acute)**

Mr Revie left the meeting.

Mrs Kuenssberg re-joined the meeting.

14. LAUNDRY BUSINESS PLAN

There was submitted a paper [Paper No. 03/06] on the replacement of existing Laundry facilities to a new centralised Laundry site situated in off-site industrial premises.

Mrs Hull reminded Members that the replacement of the Laundry had been included in the Capital Plan which the NHS Board had approved at its March 2003 meeting. The South Glasgow University Hospitals NHS Trust had approved the Laundry Business Case at its Trust Management Team meeting on 15 October 2003 and as the scheme was pan-Greater Glasgow, the NHS Board was required to endorse the scheme prior to submission to the Capital Investment Group, Health Department by 31 October 2003.

DECIDED:

That the Laundry Business Plan be approved.

**Director of
Finance/Chief
Executive, South
Acute Trust**

15. **MINUTES**

On the motion of Mrs E Smith and seconded by Mrs S Kuenssberg, the Minutes of the meeting of the Performance Review Group held on Tuesday, 23 September 2003 [PRG(M)03/02] were approved as an accurate record.

16. **MATTERS ARISING**

In relation to Minute 8 – Revenue Allocations Position at 4 Months to End July 2003 – Page 2, 3rd paragraph, Mr Divers advised of recent discussions with the new Director of Finance, Scottish Health Department on the need to see developed a fairer set of financial arrangements which gave recognition to the significance and cost implications of dealing with more complex cases coming from other parts of the West of Scotland. This would be a significant issue for the new regional planning arrangements. Mrs Hull advised that following a recent Directors of Finance meeting, she would be preparing a commentary on the current arrangements and would pass this to colleagues for comment before submitting to the next meeting of the Group for endorsement.

DECIDED:

That the Director of Finance prepare comments on the framework in place for cross-charging neighbouring NHS Boards and submit to the November meeting of the Performance Review Group.

**Director of
Finance**

17. **FINANCIAL MONITORING REPORT FOR FIVE MONTHS ENDED AUGUST 2003**

There was submitted a report from the Director of Finance [Paper No. 03/04]] which set out the Revenue Allocation position at 5 months to the end of August 2003.

Cllr. Handibode noted that the cumulative deficit was up from £6.4 million in July to £7.5 million in August and asked what effect the measures discussed at the last meeting were having on the NHS Board's revenue position. It was reported that this would be seen in the month 6 out-turn which would have included a forecast for year and out-turn based on the measures which had been put in place over the recent months. The finalised 6-month financial figures would be available in a few weeks, however, early indications were that the steps taken were having an impact.

In reply to concerns that clinical posts were not being filled it was re-emphasised that each Trust and the NHS Board were critically reviewing each post before deciding to fill the vacancy; non-essential posts which there was no sound reason to fill at this stage were being held vacant until the financial position improved.

The Corporate Management Team had reviewed service developments over this and next year and those that had not been legally committed to had been delayed. Many steps taken thus far had a non-recurrent element to them and it would be important to move to schemes and plans which attracted recurrent savings.

The Corporate Management Team would consider such plans over the coming weeks with senior staff and submit proposals for consideration to the next meeting of the Performance Management Group in November. This report would identify the potential consequences of proposals and would also draw on the benchmarking work currently under way.

It was recognised that a framework was needed to scrutinise all significant lines of expenditure and potential development. This would become a monthly agenda item for future Performance Review Group meetings.

DECIDED:

That the Director of Finance submit the Month 6 Financial Monitoring Report with a forecast for the out-turn at the year end. This report would set out any further in-year savings that can be identified and highlight the full consequences of proceeding to implement such proposals.

**Director of
Finance/
Chief Executive**

18. RECOVERY PLANS – 2004/07: THE PROCESS

There was submitted a paper by the Chief Executive [Paper No. 03/02] which set out the work in progress to develop plans to return the NHS Board to a position of recurrent balance over the next 2/3 years.

Mr Divers covered each heading in turn:-

i) **Benchmarking of Performance**

As indicated in the previous Minute, this work would inform the proposals for savings to be submitted to the next meeting of the Group. Robert Calderwood and Catriona Renfrew were leading on this exercise.

ii) **Maternity Services**

The NHS Board had approved the move to consultation on Modernising Maternity Services at the meeting on 21 October 2003. Financial modelling was under way to ensure a consistent approach was taken across NHS Greater Glasgow in delivering a model of maternity care.

There was a Midwives Group looking at a workforce model and Ros Crocket would lead the Implementation Group.

iii) **Continuing Care**

The previously consulted upon plans for the 30-bed ward at Blawarthill for care of the elderly was proceeding.

A review of NHS responsibility for the provision of continuing care would be undertaken and would be conducted transparently with local authorities and through the joint planning structures.

iv) **Implementation of Acute Services Strategy**

The ongoing implementation of the Acute Services Strategy and the proposed timetable was discussed in light of the recent workshop with senior clinical staff.

Chief Executive

There would be an opportunity for all Members of the NHS Board to discuss this issue at the NHS Board Seminar on Tuesday, 4 November 2003.

v) **Junior Doctors/Clinical Workforce Re-Design**

The indications were that significant funding would be required to implement the Junior Doctors initiative while moving towards full accreditation over the next few years. Fewer medical rotas and a different balance between Junior Doctors and Consultant staff was likely.

vi) Prescribing

Iain Wallace, Medical Director, Primary Care Trust, had chaired a Working Group looking at prescribing. A firm Action Plan based on the Group's recommendations would be developed.

vii) Shared Services and e-Procurement

Mrs Hull reported that steps were under way to lead to a single ledger and payments system by next financial year and the other areas were being progressed satisfactorily.

viii) GMS Contract

Ian Reid reported that pan-Glasgow arrangements for the Consultants Contract and Agenda for Change were being put in place. The GMS Contract Steering Group would be able to report shortly on its implementation.

Pay modernisation was a significant issue facing NHS Greater Glasgow and its staff. Ian Reid agreed to do a presentation of the impact of the three strands at the NHS Board Seminar on 2 December 2003.

**Chief Executive,
Primary Care
Trust**

ix) Regional Planning

Developing sharper arrangements for regional planning with West of Scotland Health Boards was under way. The issue of better recognition of the complexity of cases which NHS Greater Glasgow carried out for neighbouring NHS Boards needed further debate.

In reply to a question from Cllr. Handibode, Mr Divers advised that the Revenue Plan accounted for the net figure of the recent arbitration case with Lanarkshire NHS Board and the 3/4 outstanding issues which remained to be concluded.

DECIDED:

1. That a detailed progress report for each topic covered in the Recovery Plan be submitted to the next meeting of the Group.
2. That a draft 3-5 year Financial Strategy be submitted by the Director of Finance for discussion.
3. That the NHS Board Seminar on Tuesday, 4 November 2003 should have included a discussion on the timetable of implementing the Acute Services Strategy.
4. That the NHS Board Seminar on Tuesday, 2 December 2003 should have included discussion on the three strands of Pay Modernisation.

Chief Executive

**Director of
Finance**

Chief Executive

**Chief Executive,
PCT**

19. **DATE OF NEXT MEETING**

The next meeting would be held at 1.30 p.m. on Tuesday, 18 November 2003 in Board Room 1, Dalian House.

The meeting ended at 1.15 p.m.