

Minute Finance and Performance Committee

25 March 2026

Attendance

Fiona MacKay (Chair – Non-executive Board Member), Melanie Barnes (Interim Director of Finance), Debs Crohn (Head of Corporate Governance), Tammy Sharp (Director of Performance and Transformation), Sam Thomas (Executive Director of Nursing, Midwifery, Allied Health Professionals and Chief Officer Acute Services), Dave Harris (Director of People and Culture), Sharon Keyes (Head of Facilities and NPD Contract), Mohammed Sohail (Chief Finance Officer – IJB), Damien Reid (Interim Director of Finance), Dr Louise Wilson (Director of Public Health), Ryan McLaughlin (Employee Director) and Stephen Brown – Chief Officer IJB).

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Finance and Performance Committee Purpose

To review the financial and non-financial targets of the Board, to ensure appropriate arrangements are in place to deliver against organisational performance measures, to secure economy, efficiency, and effectiveness in the use of all resources, and provide assurance the arrangements are working effectively.

Quorum:

Three members present including at least two non-executive Board Members, one of whom must be Chair or Vice-Chair, and one Executive Member.

2. Welcome and Apologies (Presenter: Chair)

The Chair (Fiona MacKay) opened the meeting at 09.30 am and welcomed members.

Damian Reid (Interim Director of Finance) was welcomed to his first meeting.

Apologies received from Dr Anna Lamont, Davie Campbell (Non-Executive Board Member – Interim Board Chair), James Goodyear (Interim Chief Executive), Jason Taylor (Non-Executive Board Member) and Jean Stevenson (Non-executive Board Member).

Members agreed the meeting was quorate in accordance with the Boards Code of Corporate Governance.

3. Declarations of Interest (Presenter: Chair)

There were no declarations of interest raised.

4. Minute of the Finance and Performance Committee held 25 February 2026 (Presenter: Chair)

The Chair asked for comments on the minutes of the meeting held 25 February 2026.

Decision/conclusion

Minute of the meetings held on 25 February 2026 were accepted as an accurate record of the meeting and approved subject to the amendment discussed and approved.

5. Matters Arising

The Chair asked for an update on the Near Me position in relation to digital be default. Update to be provided via the Committee Action Log.

The Chair requested clarification of the agreement regarding the reporting and monitoring of the four Clinical Services Review transformation priority areas. The Director of Performance and Transformation confirmed that monthly reports for each transformational priorities) Medical Staffing, Older People/Frailty, Isles Model of Care, and Out of Hours GPs) which will be submitted to the Committee and discussed under the performance section of the agenda.

6. Action Log (Presenter: Head of Corporate Governance)

The Head of Corporate Governance presented the Finance and Performance Committee Action Log 2025/26.

Decision/conclusion

The action log was reviewed, no outstanding issues (see action log for details).

7. CHAIRS ASSURANCE REPORT - Finance and Performance Committee Chair's Assurance Report – 25 February 2026 (Presenter: Chair)

The Chair presented the Chairs Assurance report of the Finance and Performance Committee meeting held on 25 February 2026 for assurance.

Decision/Conclusion

The committee took assurance on the Chairs Assurance Report from the meeting held 25 February 2026 for onward submission to the Board 30 April 2026.

8. Corporate Risks aligned to the Finance and Performance Committee (Presenter: Interim Director of Finance)

The Interim Director of Finance (M Barnes) presented the Corporate Risks aligned to the Finance and Performance Committee. No changes to risks on risk scores,

Further conversations are taking place in relation to the consolidate digital risks to ensure the risks are articulated and reflect the current situation, further update will be brought to the April 2026 meeting.

Robertsons risk was discussed at the Risk Management Group in March 2026, this will be added to the Corporate Risk Register for the April 2026 meeting.

Decision/Conclusion

The Interim Director of Finance (Damian Reid) to review the risk in relation to financial sustainability as we move forward into 2026/27.

Decision/Conclusion

Committee took assurance on the progress and mitigations presented on the latest Corporate Risk Register

9. 2026/27 Financial Plan for NHS Orkney Presenter: Interim Director of Finance – M Barnes)

The Interim Director of Finance (M Barnes) presented the 2026/27 Financial Plan for NHS Orkney for approval. The Final plan was submitted to Scottish Government 16 March 2026 which included very

minor changes. The Plan provides assurance to the Board and Scottish Government that we will meet the requirements of meeting our deficit support funding.

No changes to non-recurring funding and pay cost pressures from the draft plan presented to Committee February 2026.

Additional non pay cost pressures have been allocated in 2026/27 for service re-design and Business Systems which will reduce in 26/27 and 27/28 as transformation programmes are implemented.

Our baseline funding uplift has been confirmed; the Board will benefit from NRAC parity in 2026/27. Additional funding has been included for Agenda for change, additional pay, sustainability funding and new medicines,

Corporate and developed Cost Improvements Plans (CIPs) have been revised to meet our Corporate Savings Schemes of £2.4 Million.

Minor changes have been made to the narrative; we expect feedback will be provided to the Board by 31 March 2026.

D Reid (Interim Director of Finance) thanked Melanie Barnes (Incumbent Interim Director of Finance) for the work undertaken in developing our financial plan and helping the Board to understand our current and future position.

EDoNMAHP expressed concerns about the redesign of Primary Care referenced in the financial plan. The Interim Director of Finance (M Barnes) stated that internal communications will address these issues.

The Employee Director asked for clarity on the process for budget controls. The Interim Director of Finance (M Barnes) advised that budgets are being reviewed, and the current process of reducing run rates and expenditure (control targets) will continue into 2026/27 with more work being required.

The Employee Director requested confirmation that vacancies remain unchanged, and no posts have been removed. The Interim Director of Finance (M Barnes) confirmed that vacancy reviews continue via the Vacancy Control Panel. Further collaboration with budget owners is needed to clarify control targets, and it was confirmed that posts and budgets have not changed since 2025/26.

The Director of People and Culture recognised that tough decisions must be made and emphasised that the Executive Team still needs to outline their next steps. It is important to ensure that control targets are not seen as hidden organisational changes, and that the impact on the workforce remains a central focus in decision making.

The Director of Public Health raised concerns about control targets and inquired about plans to address vacancies. The Interim Director of Finance (M Barnes) confirmed there are no recruitment freeze but emphasized the importance of reducing costs.

The EDoNMAHP emphasised the necessity of adhering to the Safer Staffing Act and utilising approved staffing methodology tools. The committee highlighted the importance of reinvesting the workforce, particularly in light of a 5% savings target implemented across its portfolio. The Interim Director of Finance (M Barnes) recognised the legislative requirements for compliance but noted the Board's obligation to achieve financial sustainability. With explicit guidance from the Scottish Government to reduce expenditure, the Board will be faced with challenging decisions moving forward.

The Chief Financial Officer – IJB, noted that historical savings from the IJB were omitted from the financial plan and requested clarification regarding NRAC parity. The Interim Director of Finance (M

Barnes) responded that these savings will be incorporated into the Board's baseline funding moving forward.

The EDoNMAHP requested that discussions concerning establishments include professional leads. The Director of People and Culture clarified that current conversations focus on analysing workforce and financial data, rather than addressing issues related to establishments.

The Interim Director of Finance (D Reid) reiterated the need to ensure joint ownership of organisational transformation, which is jointly owned by the Board and the Executive Team if we are to achieve sustainable transformational change.

The Interim Director of Finance (M Barnes) stated that despite the Improvement Team's efforts, a £600k gap persists. The Director of Performance and Transformation noted that savings for 2026/27 will be phased, but earlier realisation is needed compared to 2025/26.

The Chief Officer IJB welcomed the conversation, similar conversations are taking place across the Country recognising we continue to do all we can to deliver against our financial plan.

The Employee Director asked that concerns regarding workforce planning were noted and would welcome assurance through updates to Committee.

Decision/conclusion

Committee approved the 2026/27 Financial Plan for NHS Orkney noting the requirement to deliver £3.865m in savings (approximately 4.5% of baseline RRL) and the associated high delivery risk.

Committee supported continued engagement with Scottish Government and Scotland East partners to identify further opportunities for collaborative savings and service redesign and acknowledged the risk of a Section 22 qualification if the financial plan is not delivered and the mitigations in place to manage this risk.

10. STRATEGIC OBJECTIVE – PERFORMANCE

10.1. Financial (Month 11) and Improving Together Programme Position Presenter: Interim Director of Finance)

The Interim Director of Finance (M Barnes) presented the financial (month 11) and Improving Together Programme Position paper to Committee noting there has been a slight financial deterioration from Month 10 position.

A significant number of SLA's have been received for payment, the lower % of SLA uplifts has contributed to an improving position along with savings from the IJB.

After our Quarter 3 review with the Scottish Government, the Board's deficit support funding for this financial year has increased to £2.9 million, with no option to carry the funding forward into 2026/27. We are currently forecasting a breakeven position.

£2.576 million of savings were made in Month 11.

Year-end work is underway to ensure no spending from 2025/26 is carried forward into 2026/27.

The Employee Director requested a travel cost update, noting Loganair's increased prices. The Interim Finance Director (M Barnes) reported delays in receiving travel invoices and said

the improvement team is assessing the impact of Near Me appointments and the MRI on travel costs.

Decision/Conclusion

Committee noted the Month 11 financial position.

10.2 Robertsons Contract Update (Presenter: Head of Facilities and NPD Contract)

The Head of Facilities and NPD contract provided an update regarding the Robertsons Facilities Management (RFM) contract and associated concerns.

Since the previous update, progress has remained steady, and many persistent problems are being addressed through joint efforts with our Estates and Infection Control Teams.

RFM has confirmed that a team of contractors will be on site in April to review the Planned Preventative Maintenance plan.

RFM are currently recruiting, sub-contractors and a temporary manager are currently providing interim support.

A notice regarding fire dampeners has been received, and this issue will be addressed with RFM during the site visit scheduled for April 2026. The Head of NPD contract and facilities has confirmed that appropriate action will be taken.

The Director of Public Health expressed concerns about the risks associated with the Robertsons Contract and emphasised the importance of clearly understanding all patient safety risks.

The Employee Director requested confirmation regarding the risk associated with the Robertsons Contract. The Interim Director of Finance responded that this risk will be presented to the Committee on 29 April 2026 with oversight remaining with D Reid (Interim Director of Finance) when Melanie Barnes leaves at the end of April 2026.

J Kenny requested clarification on Health and Safety Executive Compliance. The Interim Director of Finance (D Reid) confirmed there are ongoing efforts to address the risks. The estates team is supported by NHS Assure and Scottish Future Trusts, and an independent audit has been commissioned which will provide additional assurance to the Executive Team and the Board.

Decision/conclusion

Members noted the update.

10.3 Improving Together Programme Board Chair's Assurance Report 27 February 2026 (Presenter: Director of Performance and Transformation)

The Director of Performance and Transformation presented the Improving Together Programme Board Chair's Assurance Report from the meeting 27 February 2026. Matters of concern escalated to Committee were as follows

- agency usage caused by staff absences.
- Extra MRI activity, though exceeding the plan, has led to higher costs.
- The gynecology Service Level Agreement with NHS Highland generated income in 2025/26 but may not continue in 2026/27.

Decision/conclusion

Members took assurance on the report from the Improving Together Programme Board,

10.4 Planned Care Programme Board - Chair's Assurance Report 27 February 2026 (Presenter: Director of Performance and Transformation)

The Director of Performance and Transformation presented the Improving Together Programme Board Chair's Assurance Report from the meeting 27 February 2026. Matters of concern escalated to Committee were as follows

- Our Ultrasound service are experiencing staffing challenges which are being addressed by considering locum usage.
- Outpatient room availability is under review.
- Work has begun to differentiate diagnostics pathways for cancer referrals.
- Ophthalmology capacity and demand are being evaluated. Internal audit identified reliance on NHS Grampian systems as a key risk.

Decision/conclusion

Members took assurance from the Planned Care Programme Board.

11. STRATEGIC OBJECTIVE POTENTIAL – no items were presented to Committee

12. Items agreed for Chairs Assurance Report to Board (Presenter: Chair)

Members agreed on the following items for inclusion in the Chairs Assurance Report to the Board

Areas of concern

- Month 11 Financial Performance
- Robertsons Contract

Major work commissioned/underway

- Risk in relation to financial sustainability to be reviewed as we move forward into 2026/27.
- Risks in relation to digital and Robertsons contract are included in the Corporate Risk Register update April 2026.
- Further update at the April 2026 meeting on RFM contract and work undertaken on Planned Maintenance.

Positive assurance

- Corporate Risk and Assurance Report
- Assurance provided that we will meet our deficit support funding conditions
- Assurance provided by Improving Together Programme Board
- Assurance provided by Quarterly Planned Care Programme Board

Decisions made

- Minutes and Chair's Assurance Report 26 February 2026 approved
- Monthly highlights reports for transformational priorities to be presented to Committee
- 2026/27 Financial Plan approved

16 AOCB (Presenter: Chair)

No other business raised.

14. Key Items for Noting (Presenter: Chair)

Members noted the following key documents

- Transformation Priorities 26/27
- Transformation Priorities Highlight Reports
- Quarter 3 Review and 2026-27 Financial Plan Feedback Letter - NHS Orkney
- Election Guidance - Scottish Parliament Election - May 2026 - letter to NHS Boards - January 2026

14.1 Attendance Record 2025/26 (Presenter: Chair)

Committee noted the Attendance Record 2025/26.

14.2 Timetable for Papers 2026/27 (Presenter: Chair)

Committee noted the Finance and Performance Committee Timetable for Papers 2026/27.

14.3 Evaluation of meeting (Presenter: Chair)

The Chair closed the meeting at 11:05 and thanked the Interim Director of Finance (M Barnes) for her support.