

Minutes Finance and Performance Committee

26 November 2025

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), James Goodyear (Interim Chief Executive), Ryan McLaughlin (Non-Executive Director - Employee Director), Jason Taylor (Non-Executive Board Member), Davie Campbell (Non-Executive Board Member – Interim Board Chair), Stephen Brown (Chief Officer IJB), Dave Harris (Director of People and Culture), Sharon Keyes (Head of Facilities and NPD Contract), Kat Jenkin (Head of Patient Safety, Quality and Risk) and Jean Stevenson (Non-executive Board Member).

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Finance and Performance Committee Purpose

To review the financial and non-financial targets of the Board, to ensure that 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 that 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 to the meeting.

A warm welcome was extended to Dave Harris, Director of People and Culture.

Apologies received from R Gold (Non-Executive Board Member), Dr Anna Lamont (Medical Director), Deborah Langan (Chief Finance Officer IJB), Linda McGovern (Interim Director of People and Culture).

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 23 September 2025 (Presenter: Chair)

The Chair asked for comments on the minutes of the meeting on 23 September 2025. J Taylor asked for clarity on page 6, section 9 (Corporate Risk Register) and asked that links will be provided to Committees for assurance be added to the minute.

Decision/conclusion

The Minutes of the meetings held on 23 September 2025 were accepted as an accurate record of the meeting and approved subject to the

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

The Chair 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).

6. Matters Arising (Presenter: Chair)

No matters arising were raised.

7. CHAIRS ASSURANCE REPORTS

7.1. Finance and Performance Committee Chair's Assurance Report – 23 September 2025 (Presenter: Chair)

The Committee Chair presented the Chairs Assurance report of the Finance and Performance Committee meeting held on 23 September 2025 for assurance. The Chair emphasised the need for Committee to focus on the core business.

Decision/Conclusion

The committee noted the update.

8. Financial and Improving Together Programme Position Month 7 (Presenter: Interim Director of Finance)

The Interim Board Chair asked the Interim CEO and Interim Director of Finance to summarize the letter from the Scottish Government (SG) following the Quarter 2 meeting. On November 24, 2025, Fiona Bennett sent a summary stating that, based on the external financial governance review, the Board is currently projecting a £6.2 million deficit. With proposed actions, this could be reduced to £2 million. SG confirmed that if the Board does not achieve the £2 million deficit target, it will face a Section 22 notice and increased scrutiny from Ministers. Actions have been proposed to address the deficit with the current year end forecast at £4.2 million, but we are still required to meet £2 million target as agreed by Scottish Government.

Scottish Government have confirmed that the Board should review our savings plans, ensure we are planning for 2026/27 to meet our transitional funding requirements. The Board has been asked to see an improvement in performance of the Integration Joint Board and to benchmark our performance against other Health Boards.

Scottish Government have raised a risk in relation to Interim positions, patient and staff travel, medical requirement and the impact and capacity to engage in Single Authority Model.

The Interim CEO and Interim Director of Finance will now draft a response for Scottish Government including a clear plan for 2026/27 and actions being taken by the Board to address the projected deficit.

The Interim Director of Finance presented the Financial and Improving Together Programme Position Month 7.

The Chair asked if there is a risk that the Board may be escalated to next level of the Financial Escalation Framework. The Interim Director of Finance advised that this was not confirmed but noted that challenges the Board faces.

J Taylor asked for clarity on the savings schemes that may be re-visited, noting the challenges we face in terms of recruitment, as this may free up significant sums. Clarity was also sought on the level of savings for the IJB noting this is a commissioning body and patient travel in terms of the use of digital by default and the use of Near Me.

Our Medical Director, in partnership with the Medical Director for NHS Grampian, has drafted a letter for consultants reminding them of the costs for Orkney patients travelling to Aberdeen. A communications campaign is underway to encourage patients to choose the use of Near Me should they wish to do so. J Stevenson asked if communications could be issued to the Community Councils in relation to the use of Near Me.

The Director of Performance and Transformation advised that the Improvement Team have re-visited all schemes which have been discontinued and are regularly monitored by the Improving Together Programme Board. Members were reminded that savings were attached to the Clinical Services Review, however these have been removed from this year's savings plan as they will not be delivered in this financial year.

The Interim CEO advised that NHS Grampian have advised that they are not currently able to move to digital by default, all options are being explored to reduce expenditure including further conversations with NHS Grampian to re-visit the decision.

The Chief Officer IJB advised that no savings schemes have been discounted, work continues to look at the options for service re-design for the Out of Hours service. There are opportunities to look at Isles delivery of care, there will be clear need to engage with all stakeholders as part of this workstream of the Clinical Services Review (CSR).

The Employee Director highlighted that sub-regional planning provides opportunities to move forward with our digital first approach and asked if there have been any discussions with Scottish Government in relation to voluntary redundancy. The Interim Director of Finance confirmed that no conversations have taken place in relation to voluntary redundancy. The Chief Officer IJB advised that voluntary redundancies have been offered within other Heath Boards.

The Interim Director of Finance advised that the Board at Month 7 is reporting a £500k overspend. The financial governance review has advised that the £3.8 million savings target will result in £1.8 million savings, A refreshed approach to financial accounting has been implemented, the £6.2 million deficit includes all known cost pressures, Service Level Agreement uplifts and staffing costs. The Executive Team have agreed a £1.7 million turn around actions bringing the deficit to £4.5 million, this figure has been reported to Scottish Government.

The Senior Leadership Team met yesterday and were asked to review all expenditure, reducing the use of bank/locum staffing.

The Interim Board Chair asked for clarity on future planning for 2026/27 and asked what the plan is for working with the IJB, what more could be done to encourage staff to relocate. Executives were challenged to bring credible plans to the Board for decisions to be made, noting this may require difficult decisions.

The Executive Director, Nursing, Midwifery, AHP's and Chief Officer Acute Services advised that high costs agency usage is kept to a minimum, costs referred to in the paper are not high-cost agency costs.

J Stevenson asked for clarity in the underspend in the High Dependency Unit. The EDoNMAHP advised that the overspend is due to vacant hours and absences. Work is underway to look at the staffing establishment, noting that the Board is required to have set levels of staff as mandated by the Health and Care Staffing Act.

The Interim CEO asked for clarity on the increase in medical staffing costs, and what are the causes of the increase. The Interim Director of Finance advised that this is due to rostering and pay increases, a paper will be brought to the next meeting on the increase in medical staffing costs. Conversations have taken place with NHS Shetland and Health Boards in the central belt to explore rotational medical staffing.

The Interim Board Chair asked for clarity on challenging Service Level Agreement uplifts. The Interim Director of Finance advised that work has been undertaken in relation to reviewing SLAs – consolidated discussions take place at a national level in relation to SLAs via the Chief Finance Network. All SLAs are now monitored and approved by the Medical Director.

The Chair asked Executive Directors if an update on the opportunities in relation to Isles Network of Care, Digital Opportunities, Out of Hours, Medical staffing could be brought to the next meeting. The Interim CEO advised that this work is being taken forward by the Improving Together (efficiency) programme. There is a real need to ensure we are in a strong position with robust plans in place for 2026/27.

The Chair asked that the Executive team bring back to Committee in December and January 2026, more detailed plans with costs, timescales and actions for the following 4 areas of focus

- Isles Network of Care
- Digital Opportunities
- Out of Hours Services
- Medical Staffing

Decision/Conclusion

Committee noted the update and the financial position at Month 7 and took assurance on the Financial and Improving Together Programme.

9. Integrated Performance Report (IPR) Finance and Performance (Presenter: Director of Performance and Transformation)

The Director of Performance and Transformation presented the finance and operational standards chapters of the Integrated Performance Report up to the end of September 2025.

The report specifically highlighted the continued strong performance in several areas:

- **Cancer Treatment:** 100% compliance with the 31-day standard.
- **Mental Health and Psychological Therapies:** Targets exceeded.
- **Diagnostics and Imaging:** Improvements noted, reducing patient travel requirements.
- **Absence Rates:** Remain below the national average.

Areas requiring improvement were discussed:

- **Treatment Time Guarantees:** Remain off track.
- **Delayed Transfers of Care:** Continue to present challenges. A&E targets have reduced to below 90%.
- **Financial Position:** Adverse variance of £508,000 against trajectory, driven by medical recruitment costs, agency nursing, and prescribing.

The focus going forward continues capacity and demand planning. Actions are included for metrics not meeting their targets. Ongoing work is underway within the Health Intelligence team to improve data quality.

MSK specialties remain off target, this work has been impacted by the significant number of referrals being received. The introduction of the Phio app has worked work resulting in a reduction in the waiting lists, noting more work is required.

The Interim Board Chair asked Chief Officer UB what work is underway to address DTOC's

The Interim Board Chair asked for clarity on the Red, Amber Green Status – status to be reviewed before the IPR being presented to Board.

Decision/Conclusion

Committee took assurance on the Integrated Performance Report Finance and Performance Chapters.

10. Corporate Risks aligned to the Finance and Performance Committee (Presenter: Head of Patient Safety, Quality and Risk)

The Interim Director of Finance presented the Corporate Risks aligned to the Finance and Performance Committee. All risks have been reviewed in line with our risk management framework, The risks in relation to Island Games is now closed.

The highest risk for Committee to note is the risk in relation to our financial sustainability,

The risk in relation to the Old Balfour site has been reduced due to the mitigations now in place, additional lighting is being introduced which will also mitigate the risk. No significant issues have been raised to date in relation to demolition of the Old Balfour site.

The risk of lack of digital maturity is improving, ongoing work continues in this space, an update of digital priorities for 2026/27 will be brought to Committee in December 2025.

Decision/Conclusion

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

11. Approval of Finance and Performance Committee Core Documents 2026/27 (Presenter: Chair)

The Chair presented the Finance and Performance Committee Core Documents for 2026/27 for discussion and approval.

Decision/conclusion

Members approved the Finance and Performance Committee Terms of Reference, Workplan/Business Cycle and timetable for papers for 2026/27.

12. Deep Dives (Presenter: Chair)**13. PLACE****13.1. Integrated Emergency Planning update** - Deferred to December meeting**14. PERFORMANCE****14.1. Financial Planning 2026/27 (Presenter: Interim Director of Finance)**

The Interim Director of Finance presented the financial planning 2026/27 paper to Committee. The Interim Director of Finance advised that the Direction Letter received from Scottish Government in relation to sub regional planning, there will be a requirement for the East region to develop a financial consolidated plan, further detail will be brought to Committee once confirmed.

The Interim Board Chair asked if a session could be arranged for members to go through the financial planning assumptions for 2026/27. The Interim CEO asked that this session also look at how the gap will be closed and the structural costs of our island geography.

Decision/conclusion

Members discussed and noted the update.

14.2. Financial Governance Review (Presenter: Interim Director of Finance)

The Interim Director of Finance provided an overview of the Financial Governance Review commissioned by the Interim CEO. The review was undertaken by a Director from an English Trust, noting that some of the recommendations were not applicable in Scotland.

The review highlighted the need to understand our financial controls and turnaround actions. An action plan has been developed by the Executive team, and turnaround actions identified £1.7 million in savings.

J Taylor acknowledged that the report was self-explanatory and asked how Executives will be held accountable for control targets. The Interim CEO and Interim Director of Finance will meet monthly with Executive to monitor delivery and by making it simpler to understand the resources available and the budgets clearer.

The Interim Board Chair asked for clarity on what changes could be implemented within the finance team to support the required changes. The Interim Director of Finance advised that they are looking at potential options, this will be brought back to Committee.

J Stevenson asked for clarity in the reduction of meetings. The Interim CEO advised that a workshop has taken place to review the Executive Team Terms of Reference, and the Senior Leadership Team has now been reduced to a monthly meeting.

Decision/conclusion

Members noted the update

14.3. Revised Standing Financial Instructions Phase 3 update (Presenter: Interim Director of Finance)

The Interim Director of Finance presented the revised Standing Financial Instructions Phase 3 update noting updates are not of significance.

Decision/conclusion

Members approved the revised Standing Financial Instructions Phase 3

14.4. Unscheduled Care Funding Submission (Presenter: Executive Director of Nursing, Midwifery, AHP's and Chief Officer Acute Services)

The EDoNMAHP presented the unscheduled care funding submission to Scottish Government. The aim of this funding is to support the First Minister's mission to improve access to treatment and shift the balance of care, to ensure people receive the right care in the right place, reducing unnecessary delays in the hospital and lengths of stay across all areas of a hospital

The Interim Board Chair asked for confirmation on timing of reporting to Committee. The EDoNMAHP advised that trajectories are being met, update to be brought to the January 2026 meeting.

Decision/conclusion

Members discussed and took assurance on the unscheduled care funding submission to Scottish Government.

14.5. Chairs Assurance Report Improving Together Programme Board - 10 October 2025 (Presenter: Director of Performance and Transformation)

The Interim CEO presented the Chair's Assurance Report from the Improving Together Programme Board 10 October 2025. Work has been undertaken to review reporting of cash releasing schemes, noting challenges of specific schemes.

Decision/conclusion

Members took assurance on the report

14.6. Planned Care Programme Board - Chair's Assurance Report - No meetings held since last meeting

14.7. Chairs Assurance Report Strategic Estates and Capital Group Chair's Assurance Report - No report to be presented

15. POTENTIAL

15.1. Chair's Assurance Report Digital Information Operations Group (Presenter: Interim Director of Finance)

The Interim Director of Finance presented the Chair's Assurance Reports from the 24 September and 4 November 2025 Digital Information Operations Group. A digital prioritisation exercise has now taken place, there are a significant number of national and local projects, outcomes of the exercise will be brought to Committee in December 2025.

The Interim Director of Finance advised that there are opportunities through the sub-regional planning to collaborate with other Boards to address the resourcing challenges for national digital projects.

Decision/conclusion

Members took assurance from the reports.

16. 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 7 Financial Position
 - Robertsons contract
- Major issues commissioned
 - Deep Dive Medical Staffing
 - Service re-design opportunities
- Positive assurance
 - Performance in 31-day cancer standard, mental health and psychological therapies, diagnostics and reduction in patient travel
- Decisions made
 - Finance and Performance Committee Terms of Reference, Workplan and timetable for papers for 2026/27 approved
 - Revised Standing Financial Instructions (Phase 3) approved

17. AOCB (Presenter: Chair)

The Interim Director of Finance advised that there are issues in relation to the Robertsons contract due to issues in relation to staffing challenges. Safety concerns have been raised with Robertsons, financial deductions are being applied, no improvements have been seen. The Board has raised concerns with NHS Assure who are the escalation point for issues.

18. Key Items for Noting (Presenter: Chair)

No papers were presented.

18.1. Attendance Record 2025/26 (Presenter: Chair)

Committee noted the Attendance Record 2025/26.

18.2. Timetable for Papers 2025/26 (Presenter: Chair)

Committee noted the Finance and Performance Committee Timetable for Papers 2025/26.

18.3. Evaluation of meeting (Presenter: Chair)

The Chair closed the meeting at 11.45