

Minute Finance and Performance Committee

28 January 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), James Goodyear (Interim Chief Executive), Ryan Mclaughlin (Non-Executive Director - Employee Director), Jason Taylor (Non-Executive Board Member), Stephen Brown (Chief Officer IJB), Dave Harris (Director of People and Culture), Sharon Keyes (Head of Facilities and NPD Contract), Jean Stevenson (Non-executive Board Member), Isobel Greive (Non-Executive Board Member) and Mohammed Sohail (Chief Finance Officer – IJB).

1. Cover Page

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.

Apologies received from Davie Campbell (Non-Executive Board Member – Interim Board Chair).

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 17 December 2025 (Presenter: Chair)

The Chair asked for comments on the minutes of the meeting held 17 December 2025.

J Stevenson asked that on page 3, the date be amended to January 2026.

Decision/conclusion

Minute of the meetings held on 17 December 2025 were accepted as an accurate record of the meeting and approved subject to the amendment discussed and approved.

5. Matters Arising

The Medical Director asked for confirmation on who is representing the Island Boards at the remote and rural sub national planning group. The Interim CEO advised that they are the lead for East Boards, these will be shared, conversations continue in relation to who will lead the West.

The Interim CEO advised that the east and west sub regional planning groups are structured differently, and the Medical Director advised that was replicated for the Medical Director community. The Medical Director advised that they are likely to lead the digital and/or remote and rural workstream.

The Chair acknowledged the length of the agenda and that the focus of the meeting should be on the Integrated Performance Report (IPR), 2026/27 draft Financial Plan, medical staffing paper and months 8 and 9 financial performance.

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 – 17 December 2025 (Presenter: Chair)

The Chair presented the Chairs Assurance report of the Finance and Performance Committee meeting held on 17 December 2025 for assurance.

Decision/Conclusion

The committee took assurance on the Chairs Assurance Report from the meeting held 17 December 2026 for onward submission to the Board February 2026.

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

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.

One new risk to be added to corporate risk register in relation to digital capacity to deliver digital transformation and national digital programmes. There are opportunities offered by working with the East Sub-national group.

All other risks aligned to committee i.e. financial sustainability, digital capacity and digital maturity remain unchanged from the previous meeting.

I Grieve asked for clarity on why the Robertsons contract was not included in the corporate risk register. The Interim Director of Finance advised that the risk jotter will be included in the Corporate Risk Register following approval at the next Risk Management Group.

The Interim CEO asked that consideration be given to the 2 digital corporate risks being consolidated into a single risk, this was supported by Committee.

J Taylor asked at what point the Board will speak to Scottish Government in relation to our ability to deliver national digital programmes. The Interim CEO advised that the Boards readiness to deliver

digital national programmes will be undertaken, this will provide a mechanism for the risk to be escalated recognising that this will be challenging for smaller boards but does provide an opportunity for greater collaboration.

The Medical Director advised that they are a member of the Strategic Planning Board for Digital, NHS Orkney has a significant digital debt which will require digital to be prioritised and additional resources identified if we are to accelerate digital transformation at pace.

Decision/Conclusion

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

9. Integrated Performance Report

The Director of Performance and Transformation presented the Integrated Performance Report in relation to operational, finance and community services, highlighting the following

- Diagnostic and imaging performance has improved, good progress has been made within our endoscopy service despite there being a considerable reliance on locums
- Community services have recruited for essential neurodiversity roles and the rollout of pilot applications.
- The financial position for Month 8 continues to deviate from the planned trajectory. Data from Month 9 was shared with Committee later in the agenda.
- Patient appointments are showing improvement, even as standards continue to be met.
- There are ongoing challenges related to reliance on locum resources.
- The number of Delayed Transfers of Care (DTC) patients remains comparatively high.
- Outpatient 52-week waits have been significantly reduced; however, it is important to note that this impacts our Treatment Time Guarantee and waiting times for interventions.

The Chief Officer IJB reminded members that significant work has been undertaken within the podiatry service, this is now reflected in our performance data. Committee noted the improvement within the service, and the positive trajectory now in place.

I Grieve noted that data presented to Committee is from October 2025 and asked when more up to date data will be available. Director of Performance and Transformation advised that data is presented based on availability of the data, the most up to date data available is always presented to Committee.

I Grieve asked for clarity in relation to completion of data due to staff training being required. The EDoNMAHP advised that the issues were in relation to the national system, teams continue to work through the challenges, tighter triangulation of the data is now taking place.

J Taylor highlighted that improvements focus on specific initiatives and staff recruitment, requesting clarification on risks linked to staff turnover. Regarding MRI imaging, Taylor inquired about future opportunities if the business case progresses. The Medical Director acknowledged increased patient throughput in diagnostics, and the Board has confirmed reduced turnaround times for prostate scans. Discussions are ongoing about providing services to other Health Boards.

Clarity was sought by J Taylor in relation to theatre utilisation. Work is ongoing to look at capacity and demand within our theatres, the national theatre scheduling tool will be rolled out shortly, the team continues to ensure that our theatres are utilized noting that one patient cancellation equates to 25% rate. It was acknowledged that data in relation to theatre utilization has only recently been made available, this will need further analysis and taken forward by the EDoNMAP and our Health Intelligence team.

J Stevenson asked for clarity on theatre utilisation as capacity as the report states it is currently at 43%, but there is an overspend in theatre reported in a later report. The EDoNMAHP advised the overspend is due to staffing and equipment resources, agency staff were being used until substantive recruitment was completed, this is now complete.

J Taylor inquired about the causes of DTOC related to pending social care packages. The Chair highlighted a marked increase in DTOC numbers compared to last year. The Chief Officer IJB noted challenges due to staffing vacancies, recruitment difficulties, and weather issues affecting care services. All options, especially for dementia patients, are being considered.

In relation to aids and adaptations and guardianship, the Chief Officer IJB advised that whilst this does contribute to delays the main reasons for the delays are in relation to care packages and care home placements.

The Interim CEO acknowledged that the levels of DTOC are a point of concern this has now become the norm, the Chief Officer IJB and EDoNMAHP have been asked to bring a plan forward for system flow given our demography. The Interim CEO reiterated that there is a need to ensure there is a no blame culture in relation to DTOC's, a shared approach is required across the system to unlock the challenges in relation to reducing the number of delayed transfers of care.

The Medical Director acknowledged performance within the endoscopy service including the roll out of the Scotcap endoscopy imaging.

The Chair recognised the work that goes into the production of the IPR noting this is an iterative process and welcomed the integrated approach being taken to manage performance across the Board.

Decision/Conclusion

Committee took assurance on the Integrated Performance Report.

10. 2026/27 Financial Plan for NHS Orkney

The Interim Director of Finance presented the draft 3-year Financial Plan to Committee.

The plan which will be submitted to Scottish Government, includes sub regional work, financial and workforce assumptions. The draft plan will be submitted to Scottish Government 16 March 2026.

Scottish Government planning assumptions for 2026/27 include:

- A 2% baseline funding uplift (£1.6m) to cover pay and inflationary pressures.
- Full funding for the 2025/26 pay deal and Agenda for Change reform.
- Expectation of 3% recurring savings on baseline budgets.
- No new recurring commitments without confirmed funding.

The financial plan reflects the unique challenges of an island health system, including workforce fragility, rising travel costs, and service delivery constraints. Integrated planning linking finance, activity, workforce, and quality and is essential to ensure sustainability and compliance with statutory duties.

Significant work is still required to bring the Board back to a balanced position by 2028/29.

Scottish Government have confirmed capital to revenue funding for 2025/26.

Non pay cost pressures include Heat, light power, rates, Loganair, Robertsons contract, Primary and secondary care prescribing, SLA's, commissioning and other non-pay cost pressures in 2026/27 this equates to £3.7m, 2027.28 £2,9M and 2028.29 £3.0M.

The Board will receive a 2% baseline funding uplift and NRAC parity in 2026/27 this equates to £3.5m reducing to 1,7M in 2027/28 and 2028/29, Funding will be received for Agenda for Change reform and sustainability funding equating to £2,3M in 2026/27 which is additional to transitional funding.

Corporate Cost Improvement Plans (CIPs) were presented to Committee, these have been risk assessed for 2026/27 in terms of deliverability, however, there remains a £1,6M funding gap.

1.7% savings target has been devolved to directorates to bring forward CIPs and to close the gap.

Significant work is now required to bring us back to a balance budget, the Directors of Finance across the East of Scotland are working on a consolidated financial plan

There is still a risk that the Board may be issued with a section 22 which will bring further scrutiny in terms of our financial sustainability.

The Interim CEO thanked the Interim Director of Finance and Director of Performance and Transformation for the work on the draft plan and acknowledged the expectations and pressure from Scottish Government noting the challenging position the Board remains in. There is an ask from the sub national planning group that the Board will return to balance position by the end of 2028/29. The Board needs to ensure that greater controls are in place to address our financial plan in certain areas within the Board.

The Interim Director of Finance advised that the board remains accountable for its financial position, a consolidated east financial plan will be submitted to Scottish Government noting that there is an expectation that Board across the East will achieve a balanced budget across all Boards.

The Chair stressed the importance of East of Scotland collaboration and progress, questioning how the Scottish Government would respond to a continued deficit. The Interim Director of Finance stated that delivering CIPs is crucial for assuring the government that the Board is addressing the deficit.

I Grieve requested clarity on our deficit compared to Month 8 and whether discussions with the IJB about releasing reserves have occurred. The Interim Director of Finance stated that they are reviewing IJB reserves, and the Scottish Government confirmed the Board will receive £2 million in transitional funding, which may prevent a section 22 this year. No additional funding will be provided by Scottish Government.

J Taylor requested clarification regarding our stance on the reduction in WTEs for this financial year, as it was not mentioned in the report. The Director of People and Culture responded that a meeting had occurred to confirm our current funded staffing levels. The Interim Director of Finance explained that the reduction was not factored into the financial plan, since transitional funding has now been secured from the Scottish Government.

J Taylor requested an update on the workforce plan's development and timeline. The Director of People and Culture said the template will likely come from the East of Scotland Director of Human Resources. The Interim Director of Finance stressed that workforce planning is crucial due to pay costs being the largest expense. The Interim CEO highlighted the complexity and requested confirmation on the ongoing use of bank and agency staff throughout the financial plan.

J Stevenson asked for confirmation on high costs medicines. The Interim Director of Finance advised that we anticipate significant costs for drugs which will result in cost pressures, our Interim Director of

Finance is leading on this piece of work. The Medical Director provided additional assurance in relation to high-cost medicines.

The Medical Director reminded Committee about costs to the Board in relation to road traffic accidents out with Orkney and costs in relation to spend with other Health Boards.

The Chief Officer IJB reminded members to look at local opportunities through Public Sector Reform for financial opportunities.

Decision/conclusion

Members approved the 2026/27 Financial Plan and noted the requirement to deliver £4.173m in savings (approximately 6% of baseline RRL) and the associated high delivery risk.

Members endorsed the proposed approach to integrated planning, workforce transformation, and efficiency programme to achieve financial sustainability.

Members supported continued engagement with Scottish Government and Scotland East partners to identify further opportunities for collaborative savings and service redesign.

Members acknowledged the risk of a Section 22 qualification if the financial plan is not delivered and the mitigations in place to manage this risk.

11. DEEP DIVES

11.1. Medical Staffing

The Director of Performance and Transformation presented the Medical Staffing paper to Committee for discussion. The deep dive focused on comparing 2024/25 and 2025/26, with a particular focus on consultant staffing by specialty, associated agency and bank usage, and the value for money derived from this investment when considered alongside activity levels.

The analysis indicates that higher consultant spending is due to ongoing reliance on temporary staff, not increased staffing levels. In both 2024/25 and 2025/26, consultant input consistently exceeded funded positions, showing the organisation has long operated above its baseline rather than reacting to sudden demand.

Total consultant spend increased by £0.77m (13%), alongside an increase in delivered WTE (26.39 → 29.8).

Bank usage rose significantly (11.03 → 16.00 WTE; +£1.11m), partially offset by a small reduction in agency reliance.

Resident workforce shows improved sustainability with reduced agency usage (1.3 → 0.1 WTE), offering a model for stabilisation.

Data presented indicates that the higher level of spend reflects how services are being staffed to sustain current levels of activity and safety, rather than a step-change in demand or an expansion of service scope between the two years.

While our consultant workforce continues to rely significantly on bank and agency staffing for key services, there has been a notable and positive transition towards greater use of substantive staff. When assessing medical expenditure, it is also important to consider costs associated with travel and accommodation.

The Interim CEO thanked the Executive Team for the work undertaken on producing the paper, it remains unclear why there is an increase in medical staffing and a lack of control on spend in this area, indicating concerns in relation to rotas, however this does provide opportunities to challenge custom and practice.

J Taylor was surprised at the number of consultants above establishment and asked for clarity on the number of consultants and productivity. The Interim CEO acknowledged the difference between the establishment and the number of WTE consultants recognising that this may be due to the on-call rate, there may be a need to compare the headcount to understand the increase year on year.

The EDoNMAHP reported that staff numbers on rotas are unchanged and high-cost agency staff have been fully removed. Multiple factors contribute to the increases, so opportunities should now be considered. The Interim CEO noted the situation is complex regarding the shift from agency staff to locums.

The Medical Director thanked colleagues for bringing the paper to Committee and acknowledged that there is a volume change in the number of medical staffing. There is a clear need to understand our medical staffing establishment based on delivery of services. Committee were asked to note that re-patriating services will result in cost pressures.

I Grieve expressed her disappointment at the level of medical staffing spend as grip and control has been in place for some time. I Grieve asked who will be taking accountability for delivery of the recommendations set out in the paper and how assurance will be provided by the Board.

J Stevenson welcomed the paper and like I Grieve asked for confirmation on how the recommendations will be taken forward and the next steps.

The Chair reflected the difference of our delivery model compared to other Island Boards, and the level of salaries being paid.

The Director of Performance and Transformation outlined the savings opportunities across medical staffing departments.

J Taylor asked for confirmation on the payment rates for consultants on on-call. The Medical Director provided an overview of the process for medical consultants. The Interim Director of Finance advised that the WTE figures in the paper does not include on-call hours.

Members discussed the recommendations set out in the paper, the Chair asked for a clear plan to support the recommendations proposed in the paper including timescales costs and who is responsible for each action

Decision/Conclusion

Members welcomed the deep dive and look forward to the Executive Team bringing an update paper to the next meeting.

12. STRATEGIC OBJECTIVE - PERFORMANCE

12.1 Months 8 and 9 Financial Results

The Interim Director of Finance presented the Months 8 and 9 Financial Results for assurance. Months 8 position remains adverse to trajectory with no improvements.

In Month 9, we have demonstrated notable progress agreed planned trajectory, primarily attributable to income being received and a lower incidence of band 5 to 6 increases. Credits totaling £500k have been received for SLAs in 2024/25, thereby reducing our year-end overspend to £3.4M. It is important to note that this reduction does not indicate a decrease in overall expenditure.

Scottish Government have confirmed we will receive £2m transitional funding, leaving a gap of £1M, this may mean we qualify for a section 22 audit.

Work is still ongoing for the remainder of this financial year to close our financial deficit.

I Grieve requested figures for IJB reserves, noting that this would give some in-year relief but is not recurring funding.

I Grieve asked for an update on the sale of King Street. The Interim Director of Finance confirmed the sale is complete, with capital to be received in 2026/27. The Chief Officer stated a paper will go to the IJB proposing £300K for Orkney Island Council and £873K for NHS Orkney Board.

Decision/conclusion

Members noted the update

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

The Head of Facilities and NPD contract provided an update to the Committee regarding the Robertsons contract and associated concerns. There has been no improvement since the previous meeting, with staffing levels continuing to fall short of agreed standards.

Planned maintenance activities remain incomplete, and issues have been escalated to NHS Assure and Scottish Future Trusts.

NHS Assure is offering support to the Board, and we are awaiting their formal recommendations. A risk jotter is currently being developed and will be presented at the next Risk Management Group meeting.

The Interim Director of Finance has contacted Robertsons to request a site visit, and mitigation measures have been implemented. Staff have been instructed to log incidents via Datix to ensure all concerns are recorded.

I. Grieve expressed gratitude to the Interim Director of Finance and the Head of Facilities and NPD contract for their efforts in safeguarding staff and patient safety.

J. Stevenson requested that planned maintenance and water safety audits be conducted, particularly considering similar issues reported at other Health Boards in Scotland. The Interim Director of Finance and Medical Director assured the Committee that these matters are under review and that guidance is being sought from infection prevention control colleagues and NHS Assure.

Decision/conclusion

Members noted the update and welcomed the issues being escalated as a risk on the corporate risk register.

Chair's Assurance Report Improving Together Programme Board (Presenter: Interim CEO)

The Director of Performance and Transformation delivered the Chair's Assurance Report from the Improving Together Programme Board on 23 December 2025, highlighting key points regarding staffing, clinical governance, and Service Level Agreements.

J Taylor requested an update on the Isles Model of Care workstream. The Chief Officer IJB stated that a proposal has been submitted to the Council leader, noting extra costs due to the working time directive. Unless additional Scottish Government funding is provided, further work will be needed to deliver the Isles model of care.

J Taylor reflected that there are significant opportunities for financial savings based on the conversations that have taken place earlier in the agenda.

J Stevenson asked for clarity on the risk in relation to the vacancies for Associate Medical Directors. The Medical Director advised that the vacancies have been vacant for a while, this is being explored by the Interim CEO.

Decision/conclusion

Members took assurance on the report

13 STRATEGIC OBJECTIVE PLACE - no papers to be presented to Committee

14 STRATEGIC OBJECTIVE POTENTIAL – no papers to be presented to Committee.

15 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
 - Delayed Transfers of Care
 - Financial Performance
 - Robertsons Contract
- Major issues commissioned
 - Digital risks to be merged into a single risk
 - Medical staffing recommendations plan to be brought to Committee 25 February 2026
 - Risk jotter to be submitted in relation to Robertsons contract
- Positive assurance
 - Improvements in podiatry, endoscopy, diagnostics and imaging services
 - We remain on track to meet the zero patients waiting more than 52 weeks target by 31 March 2026
 - integrated planning, workforce transformation, and efficiency programmes for financial sustainability
 - Month 8 and 9 financial performance assurance was noted.
- Decisions made
 - Minutes and Chairs Assurance Report 17 December 2025 approved
 - IPR received and approved
 - Draft 2026/27 Financial Plan approved and noted the requirement to deliver £4.173m in savings (approximately 6% of baseline RRL) and the associated high delivery risk.

16 AOCB (Presenter: Chair)

No other business raised.

17 Key Items for Noting (Presenter: Chair)

- Members noted NHS Orkney - Response to Proposal - Walk in Services and Sub National Planning Update 19 January 2026
- Sub national planning update

17.1 Attendance Record 2025/26 (Presenter: Chair)

Committee noted the Attendance Record 2025/26

17.2 Timetable for Papers 2025/26 (Presenter: Chair)

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

17.3 Evaluation of meeting (Presenter: Chair)

The Chair closed the meeting at 12:20