Minute Finance and Performance Committee
Monday 25 May 2026

Attendance

Fiona MacKay (Chair – Non-executive Board Member), 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), James Goodyear (Interim Chief Executive), Jason Taylor (Non-Executive Board Member), Mohammed Sohail (Chief Finance Officer – IJB), Damian Reid (Interim Director of Finance), Dr Louise Wilson (Director of Public Health), Dr Anna Lamont (Medical Director), Jean Stevenson (Non-Executive Board Member), Alan Scott (Head of Estates) and Hazel Aim (Senior Corporate Governance Officer – minute).

Guests

Kirsty Francis (Procurement Manager), Chloe Crawford (NPD/Facilities Business Support Officer), David Miller (Resilliance Manager) attended for agenda item 10.1.

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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.

Apologies received from Dave Harris (Director of People and Culture) and Richard Rae (Head of IT) Sharon Keyes (Head of Facilities and NPD Contract), Ryan McLaughlin (Employee Director) and Stephen Brown (Chief Officer IJB).

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 29 April 2026 (Presenter: Chair)

The Chair asked for comments on the minutes of the meeting held on 29 April 2026.

Decision/conclusion
Minute of the meetings held on 29 April 2026 were accepted as an accurate record of the meeting and approved subject to amendments discussed.

NHS Orkney

5. Matters Arising

The Medical Director updated the Committee that the medical staffing papers remain confidential at this stage and that further consideration is being given to how and when staff engagement will take place. An update on the Medical Staffing Workstream will be brought back to Committee 24 June 2026.

Decision/Conclusion
The Committee took assurance from the verbal update.

6. CHAIR’S ASSURANCE REPORT - Finance and Performance Committee Chair's Assurance Report 29 April 2026 (Presenter: Chair)

The Chair presented the Chair’s Assurance report of the Finance and Performance Committee meeting held on 29 April 2026 for assurance.

Decision/Conclusion
Committee took assurance on the Chair’s Assurance Report from the meeting held 29 April 2026 for onward submission to the Board 25 June 2026.

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

The Head of Corporate Governance presented the Finance and Performance Committee Action Log 2026/27.

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

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. The Committee noted the continuing risk relating to financial performance and year-end delivery, with the current position being worse than predicted but in line with the deficit support funding awarded from Scottish Government.

Members noted that once the month 2 position is confirmed this will provide a clearer basis for further discussions.

The risk relating to the Robertsons Facilities Management contract was discussed, including ongoing defects and the need for continued monitoring. The Committee received assurance that a team from mainland Scotland have inspected approximately one third of the fire dampers to date and that regular updates on progress and risk management would be brought back to Committee.

Members discussed capacity pressures in social care and noted that, although there has been some recent improvements, the risk remained relevant. A verbal update was provided by the EDoNMAHP in relation to Delayed Transfers of Care (DTOCs); since the report was produced there has been a reduction from 16 to 8 DTOCS, noting that this remains above the target level of 4 patients.

The financial sustainability risk was discussed, it was agreed that the Interim Director of Finance to bring an update to Committee June 2026 in relation to reviewing the wording and score of the Financial Sustainability risk in 2026/27.

Decision/conclusion
The Committee took assurance on the progress and mitigations presented in relation to the latest Corporate Risk Register.

9. Month 12 Financial Results on Improving Together Programme Update (Presenter:Interim Director of Finance)

The Interim Director of Finance presented the Month 12 financial results and Improving Together Programme update.

Committee noted that the year-end position was largely finalised, with a deficit of £3.92 million, which was slightly better than the deficit support funding position but adverse to the original budget. Members heard that savings of £2.088 million had been delivered, although this remained below the original plan.

Committee noted some improvements in Service Level Agreement (SLA) expenditure in month 12, including lower than expected costs in relation to the mental health SLA with NHS Grampian.

Ongoing financial pressures were highlighted in relation to agency costs, medical staffing and prescribing, with some of these areas now reflected within the efficiency plan.

An underspend against the capital plan was also noted following the agreed transfer of £0.5 million to revenue.

In discussion, Members considered workforce growth and the challenge of reconciling approved establishment levels with what is affordable within the funding available.

It was noted that NHS Scotland would set out the criteria for financial de-escalation in quarter 4, and that work was underway to align budgets, staffing establishments and benchmarking information to support a more sustainable staffing model and reduce reliance on agency expenditure. Concern was raised regarding the lack of business cases for some additional posts and the Committee agreed this remained an area requiring close scrutiny.

The Committee also discussed specific overspends, including theatres and patient travel. It was noted that theatre overspends were linked in part to agency staffing, long-term sickness absence and maternity cover, with an expectation that this would improve as substantive recruitment took effect.

In relation to patient travel, Members heard that although use of Near Me had reduced the number of journeys, the cost of travel had increased significantly, including higher air fares, with these increases falling directly to the Board. It was noted that work is underway to improve the capture and forecasting of patient travel costs, while recognising that average journey costs may continue to rise due to greater escort needs and higher patient acuity an update will be brought back to Committee in July 2026.

Decision/Conclusion
The Committee took assurance on the Month 12 financial results and the Improving Together Programme update.

10. STRATEGIC OBJECTIVE – PLACE

10.1. Integrated Emergency Planning Update (Presenter: Director of Public Health)

The Director of Public Health presented the Integrated Emergency Planning update and the Resilience Manager attended for this item.

The Committee noted a correction to paragraph 3.1 of the report, which should refer to “the live play exercise held on 23 June 2025.”

The Director of Public Health advised that progress in taking forward lessons learned had been slower than intended due to staff absence.

Members heard that the phone escalation process was being reviewed, that work was ongoing to strengthen leadership support for emergency planning, and that further work had also been undertaken in relation to fuel preparedness in response to Scottish Government requirements. It was noted that reactive work arising from winter issues, including those associated with the subsea cable, had affected progress on some planned actions.

In discussion, the Interim Chief Executive welcomed the paper and highlighted the need to put in place executive director on-call training as a priority. The Director of Public Health advised that e-learning had been identified and that this would be reviewed to determine whether it was sufficiently comprehensive, with the matter to be discussed further at the Executive Team meeting.

The Chair noted the challenge of maintaining focus on emergency planning alongside day-to-day operational pressures and emphasised the importance of ensuring that senior managers remain clear about their responsibilities, particularly where there have been staffing changes.

Decision/conclusion
The Committee took assurance on the Integrated Emergency Planning update.

11. PATIENT SAFETY, QUALITY AND EXPERIENCE

11.1. Transformational Priorities Highlight Reports (Presenter: Director of Performance and Transformation)

The Director of Performance and Transformation presented the Transformational Priorities Highlight Reports covering four workstreams: GP Out of Hours, Redesign of Isles Care, Older Persons and Frailty, and Medical Staffing.

Medical Staffing
The Committee noted that the overall position was reported as on track, although it was recognised that progress to date had been stronger in relation to planning and process development than full implementation.

Members heard that there are two key aspects to the work: reviewing locum pay arrangements, where NHS Orkney is an outlier, and progressing discussion on the future medical staffing model. It was noted that further work was planned to consider how a more sustainable model could be operationalised.

Older Persons and Frailty
The Committee heard that the programme was gathering pace, with good system-wide engagement and a different approach being taken to engagement with the public and clinical teams. Members noted positive feedback on the frailty workstream and the benefit of stronger clinician engagement.

The Committee also heard that data challenges remain, including the need to improve triangulation of information, and that national work on digital maturity may provide helpful support.

Redesign of Isles Care
The Committee noted that there had not yet been significant progress and that lobbying for additional funding had been paused due to the election period.

Members expressed concern given the importance of this workstream to delivery of planned savings. It was noted that the next milestone involved Healthcare Improvement Scotland and that the appropriate lead had committed to training by the end of June. The Committee asked that the feedback also be relayed to the Integration Joint Board.

GP Out of Hours
The Committee heard that although the report recorded the workstream as off track, progress was being made and much of the current work related to understanding unintended consequences and refining the model. Further discussions were planned on the output and proposed model changes, including implications for staffing. Members noted that, despite the overall status, many of the individual actions appeared to be on track.

Decision/Conclusion
The Committee took assurance from the updates.

12. STRATEGIC OBJECTIVE - PERFORMANCE

12.1. Capital Plan 2026/27 (Presenter: Interim Director of Finance)

The Interim Director of Finance presented the Capital Plan 2026/27 for approval. The Committee noted that this represented an early view of the capital plan pending confirmation of the formal capital allocation, but that it provided a clear indication of current commitments and priorities. Members heard that a direct allocation had been received to support replacement of the CT scanner and that the tender process was being progressed.

The Committee also discussed the value of longer-term planning and heard that development of a 10-year capital plan would support earlier planning, including building warrants and procurement, and reduce the need to undertake works during the winter period when transport to the isles can be more difficult. Members asked that quarterly updates on the capital plan be brought to Committee to support oversight of progress and future priorities, including visibility of planning for 2027/28.

In discussion, the Committee welcomed the clearer presentation of the capital position and noted the importance of avoiding underspend, while recognising that routine capital replacement schemes can take longer than anticipated to deliver.

Members heard that the projected underspend had reduced from £263,000 to around £150,000 following slippage, changes in delivery and the capital to revenue transfer, and that a 10% contingency had been retained for emergency capital projects.

Decision/Conclusion
The Committee approved the Capital Plan 2026/27.

12.2. Contract Register/Service Level Agreement Update (Presenter: Procurement Manager)

The Procurement Manager presented an update on the Contract Register and Service Level Agreements (SLA).

Committee noted that three contracts were due to expire, with two extension requests already approved and the remaining MRI contract dependent on confirmation of Scottish Government funding. Members heard that work on the SLA programme is currently focused on visiting specialties and remains at an early stage, with the current priority being to establish a clear baseline rather than fully redesign arrangements. It was noted that many agreements are longstanding and that there are gaps in the understanding of associated financial arrangements, with further work underway alongside service managers and finance colleagues to strengthen oversight.

In discussion, the Committee heard that a number of the key themes relate to consultant-led services and that partner Boards have shown an appetite to explore different ways of working, including review of pathways and more effective management of travel and accommodation costs. Members noted that there is significant variation in travel arrangements and that greater control is needed to improve consistency and value for money.

Committee also discussed the importance of strengthening governance around contracts and service level agreements, including more formal review arrangements and clearer performance monitoring.

Members welcomed the progress being made and acknowledged the scale of the work involved in bringing historic arrangements into a more robust and consistent framework. Specific points were also raised regarding dermatology service costs and phototherapy arrangements, which were noted as a current cost pressure.

Decision/Conclusion
The Committee took assurance from the update.

Jean Stevenson left the meeting at 10:50am the Head of Corporate Governance advised that this meant the remainder of the meeting would not be quorate but as there were no further decisions to be made, the meeting could still continue.

12.3. Robertsons Facilities Management Contract Update (Presenters: Interim Director of Finance, NPD/Facilities Business Support Officer)

The NPD/Facilities Business Support Officer presented an update on the Robertsons Facilities Management contract.

The Committee heard that work was continuing with Robertsons and that there was now greater clarity regarding the operational risks associated with the contract. Members noted progress in relation to fire damper inspections, with 294 inspected to date and 35 requiring referral to the constructor for further action. It was noted that only one damper had so far been found to be faulty.

The Committee heard that further work was required in relation to the water tank, with this currently being reviewed through the Water Committee before works could proceed. Members were advised that a number of defects and outstanding issues remain and that regular updates would therefore continue to be brought back to Committee.

In discussion, the Committee heard that subcontractor support had been brought in from the mainland Scotland to assist with the backlog and that progress was being made. The Head of Estates reported that inspections were currently progressing at approximately 20 fire dampers per week, meaning completion of the current programme was likely to take a further six to eight weeks. Members also heard concerns that, as these are annual tests and the Board is already a quarter into the testing cycle, some dampers may need to be revisited before the full programme is complete.

Other ongoing concerns were highlighted in relation to the water tank breach, which has remained unresolved for a significant period, and the air source heat pump, which has been out of use for around a year.

The Committee discussed the wider implications of these issues, including the impact on sustainability and the need for a clearer overall picture of whether the contract is delivering effectively. Members noted the need for a sharper dashboard and key performance indicators to support clearer oversight of performance, corrective actions and risk. It was confirmed that a technical adviser and financial adviser had now been appointed to support contract management, and that the monthly meetings with Robertsons would inform a developing action plan. This would include clearer ownership of issues and better visibility of how long individual defects have remained unresolved, with the intention that future reporting will provide greater assurance to the Committee.

Decision/Conclusion
The Committee took assurance from the update. The Interim Director of Finance to liaise with Head of Facilities and NPD Contract on improvements to the reporting and key performance indicators.

13. STRATEGIC OBJECTIVE – PEOPLE – No papers to be presented to Committee.

14. STRATEGIC OBJECTIVE – POTENTIAL - No papers to be presented to Committee.

15. CHAIRS ASSURANCE REPORTS

15.1. Chair's Assurance Report – Sustainability Group (Presenter: Head of Facilities and NPD) - No meetings have taken place since the last meeting

15.2. Chair's Assurance Report – Improving Together Programme Board 24 April 2026.(Presenter: Interim CEO)

The Interim Chief Executive presented the Chair's Assurance Report from the Improving Together Programme Board meeting held on 24 April 2026. The Committee noted the update from the Programme Board and the progress being made across the Improving Together workstreams.

Decision/Conclusion
The Committee took assurance from the update.

15.3. Chair's Assurance Report – Digital Information Operations Group 27 April 2026 (Presenter: Interim Director of Finance)

The Interim Director of Finance presented the Chair's Assurance Report from the Digital Information Operations Group meeting held on 27 April 2026. The Committee noted that the highest digital risk related to the Picture, Archiving and Communication System (PACS) rollout, which remained off track and was now expected to go live in August, with delivery being driven by the national team.

Members also heard that the Radiology Information System (RIS) was expected to be reviewed further in September as part of the national programme. Progress was noted in relation to migration to OneDrive, and the Committee welcomed the work of digital champions in supporting implementation and adoption across the organisation.

Decision/Conclusion
The Committee took assurance from the update.

15.4. Chair's Assurance Report – Capital and Property Strategic Group 5 May 2026 (Presenter: Interim Director of Finance)

The Interim Director of Finance presented the Chair's Assurance Report from the Capital and Property Strategic Group meeting held on 5 May 2026. The Committee heard an update from the Head of Estates on the King Street property and the former Balfour Hospital site.

Members noted that King Street had now been sold with effect from 1 April 2026. It was also reported that funding had been secured from the Scottish Government for the pre-demolition survey of the former Balfour Hospital site, with this work due to take place that week and intended to support progression to tender for demolition. The Committee heard that the asbestos report was expected by the end of June 2026 and that costs for the pre-demolition and demolition works would be met by the Scottish Government, although the final cost position could not be confirmed until the asbestos report had been received.

Decision/Conclusion
The Committee took assurance on the report.

16. Agree Items for Chairs Assurance Report to Board

Members agreed the content for inclusion in the Chair's Assurance Report, structured as follows:

Areas of Concern

- Financial sustainability, and ongoing requirement to deliver recurrent savings.
- Isles Network of Care workstream – pace of progress and associated savings risk.
- Robertsons Facilities Management contract – continued concerns regarding planned maintenance at The Balfour.
- PACS rollout – delayed implementation, with revised go-live anticipated August 2026.
- RIS upgrade – requirement for detailed risk assessment covering service delivery and patient impact.
- OneDrive/SharePoint migration – cyber security risk associated with insufficient resourcing.

Major Work Commissioned / Underway

- Further update on financial sustainability risk scoring.
- Review of outpatient activity and travel costs.
- Ongoing development of the medical staffing model.
- Actions to ensure full utilisation of 2026/27 capital allocation.
- Strengthening KPI reporting in relation to the Robertsons contract.
- Review of Corporate Risk Register reporting frequency.

Positive Assurance

- Assurance on corporate risk mitigation and oversight.
- Assurance on Integrated Emergency Planning arrangements.
- Positive progress on Older Persons and Frailty and GP Out of Hours workstreams.
- Assurance on improvements in delayed discharge performance.
- Strengthened oversight of Contract Register and SLAs.
- Assurance via Chair's reports from Improving Together Programme Board, Digital Information Operations Group, and Capital and Property Strategic Group (including King Street sale and Balfour site funding).

Decisions Made

- Minutes and Chair’s Assurance Report (29 April 2026) approved.
- Capital Plan 2026/27

17. AOCB (Presenter: Chair)

Members agreed that the current meeting frequency remains appropriate; however, consideration should be given to streamlining routine reporting, with some papers moving to a quarterly cycle where appropriate.

18. Key Items for Noting (Presenter: Chair)

No documents were presented for noted.

18.1 Meeting Schedule 2026/27 (Presenter: Chair)

Committee noted the meeting schedule 2026/27.

18.2 Evaluation of meeting (Presenter: Chair)

Useful discussions, challenging but supportive.

The Chair bid farewell to the Director of Performance and Transformation and thanked her for her significant contribution to the improvement programme of work.

The Chair closed the meeting at 11:22.