Minute Finance and Performance Committee
Wednesday 28 July 2026

Attendance

Fiona MacKay (Chair – Non-executive Board Member), Debs Crohn (Head of Corporate Governance), Damian Reid (Interim Director of Finance), Dr Louise Wilson (Director of Public Health), Dr Anna Lamont (Medical Director), Ryan McLaughlin (Employee Director), Issy Grieve (Non-executive Board Member), Davie Campbell (Board Chair), James Goodyear (Interim Chief Executive), Sharon Keyes (Head of Facilities and NPD Contract Lead), Lesley Thomson (Interim Executive Nurse Director) and John Daniels (Interim Chief Operating Officer/Head of Primary Care).

Guests

Kirsty Francis (Head of Procurement and Improvement), Hayley Green (Non-executive Board Member) and Michael Morrison (Non-executive Board Member).

1. Cover Page

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 Jason Taylor (Non-executive Board Member), Richard Rae (Head of Information IT), Stephen Brown (Chief Officer IJB), Alan Scott (Head of Estates), Sam Thomas (EDoNMAHP and Chief Officer Acute Services), Dave Harris (Director People and Culture), Mohammed Sohail (Chief Finance Officer IJB), Jean Stevenson (Non-executive Board Members) and Hazel Aim (Senior Corporate Governance Officer).

Members agreed the meeting was quorate in accordance with the Board's 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 24 June 2026 (Presenter: Chair)

The Chair asked for comments on the minute of the meeting 24 June 2026.

Decision/conclusion
The minute of the meeting held on 24 June 2026 was accepted as an accurate record of the meeting.

5. Matters Arising

No matters arising.

6. CHAIR'S ASSURANCE REPORT - Finance and Performance Committee Chair's Assurance Report 24 June 2026 (Presenter: Chair)

The Chair presented the Chair's Assurance Report of the Finance and Performance Committee meeting held on 24 June 2026.

Decision/Conclusion
Committee took assurance on the Chair's Assurance Report from the meeting held 24 June 2026 for onward submission to the Board 27 August 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 Risk Register aligned to Finance and Performance Committee (Presenter: Interim Director of Finance)

The Interim Director of Finance introduced the Corporate Risk Register aligned to the Finance and Performance Committee, advising that the financial sustainability risk had been reviewed and updated to reflect the current year position. The Committee noted that the risk score had been reduced to 16 on the basis that the Board was currently delivering within budget and was expected to remain within plan over the next few months.

However, it was emphasised that the position remained dependent on delivery of the efficiency programme, with some schemes becoming higher risk and the score potentially increasing if efficiencies were delayed.

Members discussed the presentation of mitigating actions within the register and noted that, whilst significant work was taking place operationally, this was not always clearly reflected in the report. The Committee requested that future updates provide more specific and current mitigating actions, particularly for the highest-rated risks, so that scrutiny and assurance could be strengthened.

Committee noted that the Senior Leadership Team (SLT) session 5 August 2026 is focused on financial controls and budget ownership and will provide an opportunity to evidence the actions being taken to manage the financial sustainability risk.

H Green, asked for clarity on the rationale for reducing the impact score rather than the likelihood score for the financial sustainability risk. The Interim Director of Finance acknowledged that this had also been raised at the Risk Management Group (RMG) and agreed to consider whether it would be more appropriate for the impact score to remain at 5, with the likelihood score being adjusted before the risk jotter is presented at the August 2026 RMG.

The Medical Director acknowledged that the risk register had developed over time and now contained more detail than would normally be expected in a corporate risk register. Members noted the need to strike an appropriate balance between providing sufficient operational detail for assurance and

maintaining a strategic focus. It was agreed that the Head of Corporate Governance would arrange a separate session for the new non-executive Board Members on risk management and the work undertaken on the risk register.

In response to a question from H Green on digital mandated projects, the Head of Corporate Governance advised that national digital leads met on 13 July 2026 to consider a new operating model and confirmed that mutual aid and support had been requested from all East Health Boards. Committee noted that NHS Orkney is receiving support for major national programmes, including Business Systems and Digital Front Door, and was working closely with colleagues in Shetland and Grampian. This update will be reflected in the next risk register review.

Decision/conclusion
The Committee took assurance from the Corporate Risk Register aligned to the Finance and Performance Committee.

9. Month 3 Financial Results Update (Presenter: Interim Director of Finance)

The Interim Director of Finance presented the Month 3 financial position advising that NHS Orkney had an agreed deficit target of £2.4 million for the year, which would be covered by deficit support funding from Scottish Government if achieved.

Committee noted that the Month 3 position remained within plan, supported by run-rate controls, including the vacancy panel. The year-to-date deficit was £1.031 million against a planned deficit of £1.4 million, placing the Board approximately £400,000 ahead of plan. However, the efficiency target was not yet being delivered in full and a number of savings were weighted towards the latter part of the year, creating increased risk to full-year delivery.

Members noted specific pressures, including a backdated oil invoice relating to the prior year, which accounted for approximately £200,000 of the year-to-date pressure. Total pay was reported as on track overall; however, medical staffing showed a significant adverse variance of approximately £775,000 year to date. The Interim Director of Finance advised that the organisation was expected to remain within plan through Months 4 and 5, but that the position for the remainder of the year would depend on delivery of efficiency schemes.

Committee discussed patient travel costs, which appeared to have plateaued at approximately £250,000 per month. Further information would be brought to a future meeting, particularly given previous volatility and the expectation that initiatives such as the MRI service should support more care being delivered on-island. The Medical Director noted that, given above-inflation travel cost increases, a stable position represented a positive achievement and reflected consistent management of travel arrangements.

Members discussed the ongoing financial risk associated with the Band 5 nursing review. The Interim Director of Finance advised that this remained a national issue and that the current position reflected only cases submitted to date. The Employee Director confirmed that activity continued at a steady pace, with further requests expected and a potential increase in cases over time. The Committee noted that this remained an ongoing risk into future years and could not yet be fully profiled.

The Interim Director of Finance advised that, during Month 3, budgets had been further allocated across directorates to reflect the full efficiency target and introduce a vacancy factor based on staffing levels at March 2026. This was not a hard vacancy target, but a mechanism to highlight and manage areas where staffing had increased. Further work would be undertaken with the Senior Leadership Team to explain targets, secure ownership and understand how efficiency schemes would be delivered.

Members discussed whether harder decisions and increased grip and control were required if delivery of efficiencies remained at risk. The Interim Director of Finance advised that this would depend on the outcome of discussions with the Senior Leadership Team and whether directorates could accept their targets and identify concrete delivery plans. It was clarified that the largest budget adjustment related to

corporate support costs, particularly within the People and Culture and Finance Departments, and was not intended to target clinical staffing. The purpose was to create an allowance for ongoing agency and locum expenditure until longer-term solutions were delivered.

The Committee discussed capital expenditure and noted that, although there was a plan to utilise the full capital budget, there were challenges in securing suppliers within Orkney, including the need for a tender waiver in one instance. The Interim Director of Finance advised that the constrained market would need to be factored into planning and that no capital-to-revenue transfer had been planned at this stage, although this remained something to keep under review.

Members requested that future reporting on medical bank and registered nursing agency spend include a reference line showing the budgeted or acceptable level of spend within the current financial model. The Interim Director of Finance advised that work was underway to reset budgets based on current run rates, including an allowance for medical bank and agency expenditure, and that a reference line could be developed once this work was complete. The Medical Director noted that work was also ongoing to define the relevant medical establishment, particularly for medical locum, surgical and anaesthetic areas, although this was complex and would take several months.

Members also discussed workforce planning, the need to balance financial control with safe staffing levels, and the importance of following appropriate organisational change processes before any posts were disestablished. The Interim Director of Finance confirmed that posts had not been removed and that any structural change would require the appropriate process. The Committee also noted that the reduced working week had been factored into roster planning.

Decision/Conclusion
The Committee took assurance from the Month 3 financial position.

10. STRATEGIC OBJECTIVE – PLACE – no papers to be presented to the meeting.

11. PATIENT SAFETY, QUALITY AND EXPERIENCE

11.1. Litigation 6-Monthly Report (Presenter: Medical Director)

The Medical Director presented the six-monthly Litigation Report and advised that the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS), the national scheme through which litigation costs are managed with the Scottish Government, covers litigation costs settled above £25,000.

The Committee was advised that there were currently six cases, and noted that this is the highest number recorded for NHS Orkney in one year. The Medical Director highlighted that this represented a significant financial risk to the organisation, even where some costs were recoverable through CNORIS. It was further noted that even where settlement values were relatively low, Central Legal Office (CLO) costs could be significant and could exceed the value of the settlement itself.

A question was raised regarding organisational learning and assurance that health and safety arrangements were being monitored and managed effectively. The Medical Director advised that this had previously been presented to the Board following a query about whether there was a potential cluster of incidents. Members were advised that an independent review had concluded that the cases were not linked. The Medical Director advised that some target dates extended into future years, meaning that the cases would continue to appear on future reports and could have a longer-term financial impact.

A question was raised regarding whether the financial assumptions included provision for the potential impact of the current number of cases. The Interim Director of Finance agreed to check

what assumption had been built into the budget and report back as required. The Medical Director emphasised that settlement does not equate to liability. It was noted that, where cases proceed to court, costs can increase significantly, and that the CLO will generally seek settlement where this represents the most financially appropriate route.

Decision/Conclusion
The Committee took assurance from the six-monthly Litigation Report.

11.2 Transformational Priorities Update (Presenters: Head of Procurement and Improvement)

The Head of Procurement and Improvement presented the transformational priorities update and advised that positive progress continued across the four transformational priorities.

Whilst workstreams remained broadly on track, there is a risk against in year financial delivery. The Isles Model of Care and Out of Hours workstreams remains a risk due to financial and political dependencies with more work required to move them forward. The Head of Procurement and Improvement advised that the Improving Together Programme Board would undertake a deeper dive into the transformational priorities, with a focus on identifying key risks, strengthening reporting, and ensuring appropriate mitigations were in place.

Isles Model of Care

In relation to the Isles Model of Care, the Interim Chief Operating Officer advised that a detailed paper had been deferred to the next meeting. The Committee noted that the meeting with Healthcare Improvement Scotland (HIS) in June 2026 had been an important milestone and had supported the development of a draft community and wider stakeholder engagement plan, based on Scottish Government planning with people guidance.

Members discussed concerns that the Isles Model of Care workstream would not deliver savings in-year and that progress had been slower than hoped. It was recognised that the workstream was complex and politically sensitive, and that responsibility for decision-making sat with the Integration Joint Board. The Interim Chief Executive advised that the next step is to progress the engagement process and trust that this would inform future options. Members also noted the need for new non-executive board members to receive a separate briefing on the workstream.

The Interim Chief Operating Officer emphasised that the Isles Model of Care was not solely a financial programme but was also concerned with sustainability, fragility and single points of failure in island healthcare delivery. Members noted that island communities may perceive any change as a reduction in service, particularly where current access to healthcare was high. It was also noted that communities viewed the issue within a wider context of population sustainability and the reduction or withdrawal of other public services on the isles.

Out of Hours

The Interim Chief Operating Officer advised that some milestones were recorded as green because they were technically on track; however, delivery confidence was currently low and this would be reflected more accurately in future highlight reports. Members noted that work was underway to align the workstream with sub-national unscheduled care approaches and that IJB reserves remained available as a potential mitigation for in-year financial savings.

The Committee discussed the proposed direction of travel for the Out of Hours workstream. The Interim Chief Operating Officer advised that the end model needed to operate across the full 24/7 unscheduled care pathway. This would require consideration of integration with the Emergency Department, community nursing, on-call arrangements, compensatory rest and the role of a wider

multidisciplinary team. A further update will be presented at the next meeting, with a deeper dive likely to follow.

Medical Staffing

The Medical Director advised that most milestones were either on track or achieved. Work continued on the recruitment campaign, including British Medical Journal advertising, development of an organisational hub page, and engagement with consultants to ensure flexibility was reflected in the offer.

The Committee noted that grip and control measures for bank and agency spend were ongoing, but that the delivery of savings remained off track. Work was also ongoing on staff travel and leave policy, with the NHS Highland model being considered. The Medical Director advised that establishment review and rota design were marked as off track because the original deadlines had not been fully met; however, significant work had already been undertaken. Benchmarking work had also progressed, including work to normalise outpatient appointment times in areas such as orthopaedics.

Older People and Frailty

It was noted that this was not directly linked to the savings programme and would be picked up at a future meeting.

Decision/Conclusion
The Committee took assurance from the Transformational Priorities Update.

11.3 Isles Model of Care Workstream Plan – no papers received

12. STRATEGIC OBJECTIVE - PERFORMANCE

12.1. Deep Dive – Outpatient Travel (Presenter: Medical Director) – item deferred to next meeting

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

The Head of Facilities and NPD Contract Lead presented the RFM contract update and advised that there had been some progress in a number of areas, although some workstreams had slipped due to contractor availability and staffing capacity on site.

The Committee was advised that a revised programme had been received for the fire damper remedial works, with a revised anticipated completion date of mid-October. Members noted that weekly updates would be provided.

The Head of Facilities and NPD Contract Lead advised that there had been limited progress over the previous six to eight weeks; however, a new regional manager had been appointed by RFM and had identified this as a priority. Additional resources had also been brought on site. Members noted that deductions were being applied for performance failures.

The Committee noted that the issues had been escalated to NHS Assure. The Head of Facilities and NPD Contract Lead advised that issues were therefore being raised at the highest available level. The Interim Director of Finance advised that an independent report would be shared with the Committee once available.

The Interim Director of Finance advised that NHS Orkney had held its first internal joint meeting across estates, facilities and infection prevention and control to strengthen oversight of the contract and ensure a shared understanding of issues being raised with RFM. There had been an improvement in Robertsons' response and, for the first time, there was visible evidence of additional resource being deployed on site.

Members discussed the long-term nature of the 25-year contract and sought assurance regarding Robertsons' capacity to maintain the building as it aged and maintenance requirements increased. The Interim Director of Finance advised that constructive discussions were taking place, although the issue of asset life and contract operation over time would need to continue to be monitored.

The Head of Facilities and NPD Contract Lead advised that the contract included a significant lifecycle fund, which increased after the initial five-year period. Condition reports were completed every six months by RFM, supported by independent advisors who undertook full condition assessments. Members noted that lifecycle requirements were managed robustly and that a dedicated fund was in place.

Members requested a dashboard/ tracker to demonstrate progress with the Robertsons contract be brought to the next meeting.

Decision/Conclusion
The Committee took assurance from the RFM Contract Update.

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

14. CHAIR'S ASSURANCE REPORTS

14.1. Chair's Assurance Report – Sustainability Steering Group (Presenter: Head of Facilities and NPD Contract Lead)

The Head of Facilities and NPD Contract Lead presented the Chair's Assurance Report for the Sustainability Steering Group.

Decision/Conclusion
The Committee took assurance from the Chair's Assurance Report.

14.2. Chair's Assurance Report – Digital and information Operational Group (DIOG) 22 June 2026 (Presenter: Interim Director of Finance)

The Interim Director of Finance presented the Chair's Assurance Report for DIOG. The Interim Chief Operating Officer reported that the GP systems update had highlighted few issues and the process to date had gone more smoothly than anticipated.

Decision/Conclusion
The Committee took assurance from the Chair's Assurance Report.

14.3 Chair's Assurance Report Capital & Property Strategic Group 29 June 2026 (Presenter: Interim Director of Finance)

The Interim Director of Finance presented the Chair's Assurance Report for the Capital & Property Strategic Group.

Decision/Conclusion
The Committee took assurance from the Chair's Assurance Report.

15. Agree Items for Chair's Assurance Report to Board

Members agreed the following content for inclusion in the Chair's Assurance Report to Board:

Areas of Concern

- Month 3 financial Performance
- Transformational Priorities

Major Work Commissioned / Underway

- Financial Sustainability Risk
- Isles Model of Care
- Out of Hours
- Medical Staffing
- My Care app and Sharepoint transition
- Patient Travel data
- MSK and Speech and Language capacity and demand

Positive Assurance

- Corporate Risk Register
- Litigation Report
- Robertson Facilities Management Contract Update
- Digital Progress
- Chair's Assurance Reports from operational groups

Effectiveness of Meeting

- It was disappointing that not all papers were received, but the discussion was open, constructive and appropriately challenging. Frank and honest responses from the executives were welcomed.

17. AOCB (Presenter: Chair)

The Board Chair noted that this was Issy Grieve's final Finance and Performance Committee meeting and thanked her for her valuable contribution to the Committee and wider Board business. The Chair also expressed thanks and appreciation for Issy's input and support.

. Key Items for Noting (Presenter: Chair)

18.1 Chair's Assurance Report Improving Together Programme Board 2 July 2026

Decision/Conclusion
The Committee took assurance from the Chair's Assurance Report

18.2 Attendance Record

Committee noted the attendance record 2026/27.

18.3 Meeting Schedule 2026/27

Committee noted the meeting schedule 2026/27.

The Chair thanked those who attended for their input and contributions and closed the meeting at 12:08