HIGHLAND NHS BOARD	Assynt House Beechwood Park Inverness IV2 3BW Tel: 01463 717123 Fax: 01463 235189 www.nhshighland.scot.nhs.uk NHS Highland na Gàidhealtachd
MINUTE of the FINANCE, RESOURCES AND PEFORMANCE COMMITTEE TEAMs	**03 October 2025 at 9.30am**

Present	Alexander Anderson, Chair Graham Bell, Non-Executive Director Heledd Cooper, Director of Finance Garret Corner, Non-Executive Director Fiona Davies, Chief Executive Richard MacDonald, Director of Estates, Facilities and Capital Planning Gerard O'Brien, Non-Executive Director David Park, Deputy Chief Executive
In Attendance	Natalie Booth, Corporate Assistant Rhiannon Boydell, Mid Ross District Manager Kristin Gillies, Head of Strategy and Transformation George Reid, Deputy Director of Estates, Facilities and Capital Planning Katherine Sutton, Chief Officer (Acute) Dominic Watson, Head of Corporate Governance

1 STANDING ITEMS

1.1 Welcome and Apologies

Apologies for absence were received from Committee members L Bussell, S Walsh and E Ward and non-committee member A Johnson.

At the start of the meeting the Director of Estates, Facilities and Capital Planning welcomed and introduced the new Deputy Director of Estates, Facilities and Planning, G Reid to the Committee. He would be participating in future meetings in his capacity as depute to Estates, Facilities and Planning.

1.2 Declarations of Interest

There were no formal Declarations of Interest.

1.3 Minutes of Previous Meetings held on Friday 12 September 2025, Associated Rolling Action Plan and Committee Work Plan 2025/26

The draft Minute of the Meeting held on 12 September 2025 was **Approved.**

The Committee further **Noted** the Rolling Action Plan and **Noted** the Committee Work Plan 2025/26.

It was further noted for the minutes that **Action 15** - Meridian Progress Update - NHS Highland Community Services on programme outcomes, will be brought forward as an agenda item for the 14th November 2025 committee meeting.

2 MATTERS ARISING

There were no matters discussed in relation to this Item.

3 FINANCE

3.1 NHS Highland Financial Position (Month 5) Update and Value and Efficiency Update

H Cooper spoke to the circulated reported on the NHS Highland financial position for Month 5 and stated that the overall trajectory and position remained steady and aligned with previous forecasts, aimed for a £40 million target by year-end. The main risks continue to be delivery of savings and adult social care and there were no significant changes to forecasts from previous updates.

The following was discussed:

- The overall partnership forecast had improved slightly. This included adult social care. Other forecasts remained consistent and steady.
- No changes to key risks in the current report. The financial impact of Agenda for Change unlikely to be significant this financial year but reported financial impact into next financial year, particularly with additional hour reduction, band 5-6 and protected learning time.
- Highlighted increased costs of some services in fragile services such as vascular. Directors of Finance met in the North of Scotland to ensure consistency at local and national level in management of tariffs and Service Level Agreements (SLAs).
- Allocations and other financial areas were as anticipated, with no major new concerns.
- The adult social care gap slightly higher than the reported £20 million due to underperformance in delivery £6 million value and efficiency target.
- Supplementary staffing with increased reliance on care home staffing and this has included Moss Park. Acute position reported as stable and nothing additional. It was noted there were inflationary pressures in support services. Pressures within Estates and facilities related to inflation, contract renewals and uplifts leading to higher costs. These were being managed through income streams and mitigation strategies. Procurement confident on delivery with contract renewals.
- Argyll and Bute position showed variance forecast and recovery plan received at start of year with aim to balance operational deficit by year end.
- Cost improvement plan shared at month 5 and gaps identified on full value.
- Capital spend will be on target.
- Financial position clarified on additional funding for 52 weeks targets used towards external contractors, supplementary staffing (agency staff) and waiting list initiatives for additional activity. Bid plans to government were costed out for speciality areas.
- Cost Recovery from Overseas Patients position clarified with a team dedicated to recovering costs, particularly for emergency care and elective care.

After discussion, the Committee:

- **Examined** and **Considered** the content of the circulated report.
- **Agreed** to take **Limited** assurance.

3.2 Support and Intervention Framework – Financial Considerations 2025/26

H Cooper presented recent correspondence from the Scottish Government outlining the new support and intervention framework, including subcategories and the board's status.

The framework details were presented for information, with emphasis on the pyramid of support and associated financial allocations. The board was allocated £100,000 for the current year and £200,000 for the next financial year, which was unexpected but welcomed. This funding aligns with organisational thinking around strengthening financial assurance.

The following was discussed:

- NHS Highland was currently categorized under financial sustainability, indicating government confidence in local financial management. It was noted the risk of quickly moving to a higher intervention category if value and efficiency targets are not met, particularly adult social care.
- It was noted plans to use the new funding to bolster project management skills temporarily, particularly to strengthen the value and efficiency program and financial assurance processes.
- The framework confirmed up to £40 million in financial support will cover the current year's deficit, with the same amount indicated for next year. It was highlighted that delivering a £40 million savings plan again next year was not previously anticipated and was not the message given to the Scottish Government with concerns raised about future planning and sustainability.
- The Executive team working towards proposals to reshape value and efficiency oversight, with a commitment to report back to the November committee.
- Other discussion on the status and escalation, ongoing planning and organisational next steps.

The circulate report proposed the Committee take **Moderate** assurance.

After discussion, the Committee:

- **Considered** the content of the circulated report and circulated letter.
- **Agreed** to take **Moderate** assurance.

4. ENVIROMENT AND SUSTAINABILITY STRATEGY UPDATE

R MacDonald spoke to the circulated report on e-sight data which was part of the environmental and management system provided by Scottish Government on carbon emissions, power consumption and utility costs. Reported significant positive impact of reduced carbon emissions, compared to last financial year, due to move from heavy oil to diesel fuel in July 2024. Further reported reductions on power consumption but noted monthly fluctuations were caused by weather changes but these are supported within the current system and infrastructure to continue reductions. There were projected financial savings in utility finance based on further reductions on power reduction targets due to the new energy procurement contract that had led to bought 80% of energy to achieve savings into next financial year. Heat Decarbonisation Projects targets update with a focus on heat decarbonisation at Raigmore and planned electrical based plant and future move to hydrogen away from diesel oil. Discussions ongoing with Head of Scottish Government and option appraisals being explored and prepared towards more energy efficiencies. Public Body Reporting deadline November 2025. Environmental Management System will be the key tool for board assurance and target setting. Partnership with UHI is supporting the development and data input. The new system will provide detailed information on carbon emissions per building and other broader sustainability activities within the year. R MacDonald updated on ongoing projects. EV Infrastructure Projects funded for this year and move to new Papilio solar EV charger fuse system. Highlighted ongoing projects, including EV infrastructure upgrades, building management system upgrades, LED lighting installations and upgrades in Raigmore maternity and tower block and move out of community hospitals. Pure Water operating well with intention to rollout to other boards. The Papilo EV Charge system has been nominated for another procurement award.

On the point raised about 50% reduction in emissions with new proposed future-proofed system at Raigmore and financial impact, it was confirmed that there is significant capital investment for future carbon savings with option appraisals proposed to secure the capital bid with support from NHS Assure.

It was noted that Audit Scotland was preparing to audit environmental and sustainability issues, emphasizing the need to report on broader activities beyond carbon emissions. NHS Highland and the Sustainability Champions will contribute to the new Scottish Government strategy, advocating for comprehensive reporting. R MacDonald assured the committee about the new environmental management system and projects supporting that. R MacDonald confirmed the role of UHI academic staffing and partnership working. It is planned to present a report and update at the next Environmental and Sustainability Board. Assurances made about the future proofing plans at Raigmore.

The report proposed the Committee take **Moderate** assurance.

After discussion, the Committee:

- **Noted** the progress of the development of NHS Highland's Environmental and Sustainability Strategy and associated projects.
- **Agreed** to take **Moderate** assurance.

5. REVIEW OF COMMITTEE TERMS OF REFERENCE

It was noted that the Terms of Reference were reviewed and accepted with no amendments needed.

The Committee **Noted** and **Agreed** to **review** the Terms of Reference and highlight any required amendments.

6 2025/26 and 2026/27 Meeting Schedules

The Committee **Noted** the dates provided as follows:

14 November – Next Meeting
5 December 2025
9 January 2026
6 February 2026
13 March 2026
10 April 2026
8 May 2026
5 June 2026
10 July 2026
7 August 2026
11 September 2026
2 October 2026
13 November 2026

4 December 2026

The Committee Noted the meeting schedules for 2025/26 and 2026/27.

7 DATE OF NEXT MEETING

The next meeting of this Committee was to be held on Friday 14 November 2025 at 9.30am

The meeting closed at 10.55am