HIGHLAND NHS BOARD	Assynt House Beechwood Park Inverness IV2 3BW Tel: 01463 717123 Fax: 01463 235189 www.nhshighland.scot.nhs.uk
MINUTE of the FINANCE, RESOURCES AND PEFORMANCE COMMITTEE TEAMs	**9 January 2026 at 9.30am**

Present	Alexander Anderson, Chair Graham Bell, Non-Executive Director Heledd Cooper, Director of Finance (Lead Officer) Garret Corner, Non-Executive Director Richard MacDonald, Director of Estates, Facilities and Capital Planning Gerald O'Brien, Non-Executive Director Steve Walsh, Non-Executive Director Fiona Davies, Chief Executive
In Attendance	Natalie Booth, Senior Corporate Administrator Addy Massey, Corporate Administrator Elaine Ward, Deputy Director of Finance Nathan Ware, Deputy Head of Corporate Governance Neil Wright, Non-Executive Director Bryan McKellar, Whole System Transformation Manager Rhiannon Boydell, Head of Service Integration, Planning and Performance – Deputising for Arlene Johnstone

1 STANDING ITEMS

1.1 Welcome and Apologies

Apologies for absence were received from Committee Members D Park, J Davies, and non-Committee Member A Johnstone.

1.2 Declarations of Interest

There were no formal Declarations of Interest.

1.3 Minutes of Previous Meetings held on 5 December 2025, Associated Rolling Action Plan and Committee Work Plan 2025/26

The draft Minutes of the Meeting held on 5 December 2025 were **Approved.**

The Committee further **Noted** the Rolling Action Plan. Regarding the associated Committee Work Plan for 2025/26.

2 MATTERS ARISING

The Chair asked if there were any matters arising not already covered by the agenda. No specific matters were raised by members. The Committee agreed to proceed to the substantive agenda items.

3 FINANCE

3.1 NHS Highland Financial Position (Month 8) Update

The Director of Finance spoke to the circulated report detailing the NHS Highland financial position as at end Month 8, advising the Year-to-Date (YTD) Revenue over spend amounted to £41.159m, with the overspend forecasted to be £40.005m as of 31 March 2026. The forecast assumed further action would be taken to deliver a breakeven Adult Social Care (ASC) position and the Value and Efficiency programme will deliverto the planned forecast, with mitigation in place for the slippage. The circulated report further outlined planned versus actual financial performance to date as well as the underlying data relating to Summary Funding and Expenditure, noting the relevant Key Risks and Mitigations. It was noted £ 1,344.608m of funding had been confirmed at end of Month 8.

Specific detailed updates were also provided for the Highland Health and Social Care Partnership area; Adult Social Care; Acute Services; Argyll & Bute; the Cost Reduction/Improvement activity position, including relevant financial targets; the wider position relating to Value and Efficiency activity; Supplementary Staffing; Subjective Analysis; and Capital Spend. The report proposed the Committee take **Limited** Assurance.

The Director of Finance highlighted ongoing engagement in relation to the Glasgow SLA, noting that NHS Highland continues to seek clarity and assurance over the revised charging methodology, with an £8 million invoice expected to be held pending further discussion with Glasgow, Scottish Government, and other Boards. The Director of Finance also advised that Scottish Government had been informed of the intention to reflect the £20m adult social care gap within the forecast at Month 9, increasing the projected position to around £60m, with further discussions continuing with Government and the Council.

During discussion, the following points were raised:

- Scottish Government Financial Support. Members noted that the financial support available was non-recurrent and non-repayable, with no brokerage or loan arrangements, and consistent with other support provided during the year.
- National Tariff and Costing Methodology. It was confirmed that there was no national tariff in Scotland, resulting in the use of activity averages to manage risk. Concerns were raised that Glasgow's patient-level costing approach relied on mixed systems and historic data that could not be fully reconciled, leading NHS Highland to challenge the methodology and request clearer breakdowns.
- Cross-Board Charging and SLA Risk. Members discussed that cross-Board charging is based on historic costs plus the agreed national uplift and noted that reopening SLAs or moving to patient-level costing without national agreement could expose NHS Highland to wider financial risk.
- National Consistency Requirement. It was agreed that any move towards tariff-based charging must be taken forward on a nationally agreed basis.
- Month 9 Forecast Position. Discussion focused on how the Month 9 forecast should be presented to Scottish Government, with emphasis on transparency despite the underlying position being relatively stable.

- Adult Social Care Engagement. The importance of a tripartite approach involving NHS Highland, Highland Council, and Scottish Government was emphasised to support sustainable funding and governance.
- Care Home Cost Pressures. Members noted rising costs in care homes brought back in-house, particularly due to agency staffing, and the wider implications for local service provision.

After discussion, the Committee:

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

3.2 Redefining Financial Assurance and Stewardship and Budget Setting Approach

The Director of Finance presented the report on financial assurance and stewardship, outlining the proposed structure for strengthening financial governance, assurance, and stewardship across the organisation, including a clearer focus on value, efficiency, and effective use of resources. The rationale for implementing elements of the approach over time was explained, recognising organisational priorities, capacity constraints, and the need to align with the budget-setting timetable. The importance of embedding stewardship principles across all levels of the organisation and ensuring that budget-setting processes were aligned with these principles was emphasised.

During discussion, the following points were raised:

- Budget-Setting Timeline. Members noted that the initial draft budget would be submitted to Scottish Government on 2 February, with the first draft shared with the Finance and Resources Committee thereafter, and that budgets would not be presented to the Board until Scottish Government sign-off.
- Budget-Setting Approach. The practical budget-setting approach was welcomed, with discussion noting the distinction between the immediate process and the longer-term cultural shift towards stronger stewardship and value-based care.
- Financial Assurance and Stewardship. It was emphasised that the proposed structures would strengthen assurance, consistency, and accountability, operating as oversight and support rather than decision-making bodies.
- Budget Holder Accountability. Members highlighted the need to clarify delegated authority and strengthen documentation and training to support effective financial management.
- Outturn Alignment Risk. Discussion highlighted the risk of matching budgets to outturn and embedding inefficiencies, with support for a hybrid approach that distinguishes between controllable and unavoidable pressures.
- Service Redesign Oversight. The proposed service change process was noted to improve visibility and assurance over redesign activity.
- Capacity and Implementation. Members recognised capacity constraints and noted that existing groups would be adapted to minimise duplication.
- Value and Efficiency Capacity. It was confirmed that funding had been approved for two years to support a focused value and efficiency function, distinct from strategic transformation work.

After further discussion, the Committee otherwise:

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

3.3 Support and Intervention Framework – Scottish Government Quarterly reporting Q2

The Director of Finance provided an update on Stage 3 work, sharing correspondence as previously agreed, outlining the risks highlighted to Scottish Government, the current position, and the letter issued to Glasgow, with the item noted for information and to invite any feedback

After discussion, the Committee:

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

4 Capital Asset Management Group Update

The Director of Estates provided an update noting that expenditure was expected to be incurred once orders arrived on site, with eHealth projects progressing as planned despite slower invoicing. Capital projects were generally on track, with only a potential weather-related risk identified for the Mid Deal roof works, for which contingencies were in place, and significant expenditure anticipated in Month 9 as fire prevention and fire protection works continued to schedule.

Members discussed the risk of invoice timing, with assurance provided that equipment procurement was on schedule, funding was available, and no delivery or timing issues were anticipated.

After discussion, the Committee:

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

5. Integrated Performance and Quality Report

The Whole System Transformation Manager spoke to the circulated report on performance against national targets using the most recent data available. A dashboard and narrative commentary were included to highlight areas of improvement, emerging pressures, and mitigating actions, alongside benchmarking where appropriate. Updates were provided across a range of services, including Communications, Neurodevelopmental Assessment Services, Vaccination Uptake, Smoking Cessation, Alcohol Brief Interventions, Drug and Alcohol Recovery Services, Psychological Therapies Waiting Times, Emergency Department Access, Delayed Discharges, Planned Care, Diagnostics, Cancer Waiting Times, and Systemic Anti-Cancer Therapy access.

During discussion the following points were raised:

- Performance Improvement Recognition. Members welcomed the improving performance across several key areas and acknowledged the significant contribution of staff in delivering these improvements.
- Use of Targets and Metrics. Discussion considered the usefulness of performance targets, noting that some areas of concern, including vaccinations, delayed discharges, and longer waits, were not always reflected through national targets.

- 12-Hour Waits. Members raised concerns about ongoing pressures relating to 12-hour waits, with discussion noting that these were closely linked to patient flow and admission pressures rather than emergency department processes alone.
- Return Outpatients. Members discussed the increase in return outpatient activity and queried whether this was an expected consequence of the focus on reducing long waits for new outpatients, with further analysis requested.
- Sustainability of Planned Care Improvements. Discussion highlighted the risk that progress in reducing long waits could be difficult to sustain without additional resource, with recognition from Scottish Government that further reform would be required to maintain momentum beyond March 2026.
- Sub-National Approach. Members noted that sub-national planning was emerging as an important mechanism to support accelerated improvement in high-volume specialties such as orthopaedics and ophthalmology.
- Vaccination Uptake Reporting. Members suggested that staff vaccination uptake would be clearer if presented as a percentage rather than absolute numbers and queried whether local targets could be introduced.
- Frailty Pathways. Discussion welcomed the development of frailty assessment pathways at the emergency department front door and noted that similar approaches were being considered across other acute sites.

After discussion, the Committee:

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

6. Operational Improvement Plan Deliverables Report

The Whole System Transformation Manager provided a brief update on the Operational Improvement Plan, noting a positive overall shift in the assessment of the 20 deliverables. Two key risks were highlighted, relating to imaging performance against the six-week access target for ultrasound and CT, and the urgent and unscheduled care intervention at Raigmore, with the latter now progressing positively following recruitment. Progress was also noted in digital innovation and prevention activity, with a further iteration of the Operational Improvement Plan anticipated once additional detail is available.

Members sought assurance on whether all Operational Improvement Plan deliverables were being measured and whether any milestones were overdue. It was confirmed that all deliverables were in progress with target completion by the end of March 2026, with some dependencies on national teams, and that no deliverables were due for completion at this stage.

After discussion, the Committee:

- **Considered** the content of the circulated report.
- **Agreed** to take **Substantial** assurance.

7. Risk Register Level 1 Risks

The Deputy Head of Corporate Governance presented on behalf of the Deputy Chief Executive. The Committee reviewed the Level 1 risks as recorded in the risk register.

The Director of Finance advised that the risk profile and financial risks would be reviewed and refreshed considering the Q3 financial submission, ensuring that risks are current and appropriately mitigated.

After discussion, the Committee:

- **Considered** the content of the circulated report.
- **Agreed** to take **Substantial** assurance.

8. Annual Review of the Terms of Reference

The Deputy Head of Corporate Governance presented the annual review of the Committee's Terms of Reference (ToR). Several minor tweaks were outlined to be incorporated ahead of submission to the Audit Committee and Board in March 2026, including:

- Reflecting sub-national working and its potential impact on organisational governance structures and the Committee's role.
- Ensuring correct naming conventions for capital governance ("Capital Asset Management Group") and alignment to efficiency objectives described as valuing efficiency.
- Maintaining clarity on how the FRP Committee ties into the Population Health Committee, with linkages to be worked through as governance evolves.

After discussion, the Committee:

- **Considered** the content of the circulated report.
- **Agreed** to take **Substantial** assurance.

9. 2025/2026 and 2026/2027 Meeting Schedules

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

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

2027:

8 January 2027
5 February 2027
12 March 2027

The Chair confirmed that the next meeting is scheduled for **Friday 6 February 2026 at 9:30am**, where the Committee will receive the first look at the draft budget submitted on 2 February 2026 to the Scottish Government.

The Committee Noted the meeting schedules for 2026/27.

10. DATE OF NEXT MEETING

The next meeting of this Committee was to be held on Friday 6 February at 9.30am

The meeting closed at 11.09 am.