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	**6 February 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 Fiona Davies, Chief Executive (until 10.26 am) Jennifer Davies, Director of Public Health and Policy Richard MacDonald, Director of Estates, Facilities and Capital Planning Gerald O'Brien, Non-Executive Director David Park, Deputy Chief Executive Boyd Peters, Medical Director Steve Walsh, Non-Executive Director
In Attendance	Natalie Booth, Senior Corporate Administrator Rhiannon Boydell, Head of Service Integration, Planning and Performance – Deputising for Arlene Johnstone Stephen Morrow, Deputy Head of eHealth Elaine Ward, Deputy Director of Finance Nathan Ware, Deputy Head of Corporate Governance Neil Wright, Non-Executive Director Dominic Watson, Head of Corporate Governance

1 STANDING ITEMS

1.1 Welcome and Apologies

No formal apologies for absence were received from Committee Members. Apologies were received from non-Committee Member I Ross.

1.2 Declarations of Interest

There were no formal Declarations of Interest.

1.3 Minutes of Previous Meetings held on 9 January 2026, Associated Rolling Action Plan and Committee Work Plan 2025/26

The draft Minutes of the Meeting held on 9 January 2026 were **Approved.**

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

2 MATTERS ARISING

There were no matters arising raised.

3 FINANCE

3.1 NHS Highland Financial Position (Month 9) Update

The Deputy Director of Finance spoke to the circulated report detailing the NHS Highland financial position as at end Month 9, advising the Year-to-Date (YTD) Revenue over spend amounted to £45.246m, with the overspend forecast increasing to £50.043 as of 31 March 2026. It had not been possible to deliver a solution which would enable a breakeven position to be delivered within Adult Social Care (ASC). The movement from Month 8 reflected an overspend position of £25.792m within ASC. The overall Board position had been mitigated in part by £10.000m of additional funding received from Scottish Government and the remainder managed through improvements to the Health position.

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 £ 1,345.736m of funding had been confirmed at end of Month 9. There had been a second tranche of Resident doctor pay award received plus additional improving flow funding.

Specific detailed updates were also provided for the 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; and Capital Spend. The report proposed the Committee take **Limited** Assurance.

During discussion, the following points were raised:

- Engagement with Highland Council. Members noted that discussions with the Council remained ongoing for both the current and forthcoming financial years. It was highlighted that rising adult social care costs, limited growth funding and increased in-house activity continued to drive a widening structural gap.
- Funding Position and Transparency. Members stressed the importance of presenting the full gross pressure within adult social care to ensure clarity in negotiations. It was confirmed that part of the gap was being offset by health resources due to undelivered savings and unavoidable cost pressures.
- Comparison with Argyll and Bute. It was noted that Argyll and Bute had received regular uplifts for pay and service changes, unlike Highland, contributing to diverging financial positions despite shared accounting methodologies.
- Governance and Local Accountability. Members discussed the historic impact of the lead agency model on accountability and visibility of financial risk. It was recognised that this position was beginning to move.
- SLA Position and Uplift Assumptions. It was noted that a 3% uplift had been applied nationally for planning purposes, with the final figure still to be confirmed nationally. Further changes were still to be made following agreement of pay settlements and allocations would be available to cover this cost, so the net risk is minimal.
- Glasgow SLA. It was noted that the additional charge remains as a risk and is currently not agreed.
- System Pressures Not Reflected in Adult Social Care Spend. The Committee highlighted that delayed discharges represented significant additional cost pressures that did not appear within the adult social care budget but formed part of the wider deficit.

- Scottish Government Engagement. Members acknowledged the value of Scottish Government involvement at the appropriate stage and noted that the timing of their participation should be considered carefully considering the wider policy context.
- Capital Programme Delivery. It was highlighted that capital expenditure remained on track, with major schemes profiled across this and next year. Contingency funds were being released in line with priorities, and the programme was expected to land close to forecast.

The Committee **noted** the content of the report and **agreed** to take **limited** assurance.

3.2 Draft Financial Budget

The Deputy Director of Finance spoke to the presentation on the NHS Highland financial plan for 2026/27. She highlighted that the budget gave a 2 percent baseline uplift for 2026/27 and built in the recurring impact of the 2025/26 pay awards while meeting expected pay costs. She noted the additional national allocations which supported NRAC parity, Agenda for Change commitments, sustainability funding and investment linked to national policy priorities. She confirmed that Boards in escalation would receive further support and that overspends beyond available funding would be reflected in the Annual Accounts.

Specific detailed updates were also provided for the 2026/2027 Financial Plan Initial Headlines; Additional Funding; Additional Costs & Brought Forward Pressures; Inflation/ Uplift Assumptions; Cost Reduction/ Improvement Challenge; Value & Efficiency Schemes; 15 Box Grid; Adult Social Care; Risks & Opportunities.

Next steps included a refresh of the 15-box grid, update the financial plan as further information emerged; continue developing value and efficiency schemes; and work with budget holders to finalise pressures and set budgets ahead of submitting the detailed plan by 16 March.

During discussion, the following points were raised:

- Adult Social Care Reporting Approach. Members discussed the importance of presenting the full adult social care gap on a gross basis and agreed that the position should not assume break-even, ensuring transparency when the final plan is submitted.
- Council Engagement and Settlement Risks. It was noted that current discussions on the 26/27 budget settlement were ongoing and would be subject to the final Highland Council budget. The current position included within the plan represents the worst case funding scenario.
- National System Pressures and Funding Initiatives. Members sought assurance on whether further national measures were planned to support system pressures such as delayed discharge and waiting times, and it was confirmed that while policy frameworks existed, no significant new funding streams were anticipated beyond current programmes.
- Funding for National Initiatives. Assurance was provided that approved initiatives continued to align with requested funding levels and that any additional investment would need to be a strategic Board decision.
- Prevention and Long-Term Impact Evidence. Members discussed the evidence supporting prevention approaches and were advised that strong data existed around avoidable admissions and rising-risk cohorts, although demonstrating immediate financial impact remained challenging.
- Unfunded Policy Pressures. It was noted that some policy changes, such as elements of the reduced working week, were not fully funded and therefore required efficiencies that could not be recognised as savings.
- Alignment of Financial Plan and Departmental Budgets. Members stressed the need to align departmental budgets with the high-level financial plan, with ongoing work to understand longer-term service trajectories and ensure budget assumptions reflect current operational models.

- Budget Setting and Future Modelling. It was confirmed that budget-setting work for the coming year was underway with budget holders, alongside early discussions on longer-term modelling and the impact of new service developments.
- Cost of Policy Decisions Over Time. Members asked whether cumulative policy-related costs were tracked, and it was confirmed that while individual risks were flagged, maintaining a detailed running total would be disproportionate for the benefit gained.

After further discussion, the Committee **noted** the draft financial budget.

4 Capital Asset Management Group Update

The Director of Estates, Facilities, and Capital planning advised spending levels remained higher than previously reported and were around £3 m further through the ledger than shown in the paper. Grip and control measures were in place, and the position was expected to deliver a small overspend that could be managed through contingency. Recent management group discussions provided assurance that all areas were on track to achieve their planned spend.

During discussion the potential Impact of MyCare was queried whether the upcoming MyCare programme would affect funding assumptions. It was confirmed that there was no immediate cost pressure arising from MyCare, it remained a nationally driven and nationally funded programme. Members were advised that while most investment would be made centrally, some local costs were likely to arise in due course as the programme progressed.

The Committee **noted** the allocation and delivery of the Capital Formula Spend delivered through NHS Highland's Capital Asset Management Group and take **moderate** assurance.

5. New Craigs PFI Handback Closure Report

The Director of Estates, Facilities, and Capital planning spoke to the circulated report and outlined the work undertaken over the past three years to prepare for the PFI hand back, supported by national partners and specialist technical, legal and financial advisors. The project established clear commercial, contractual, asset and service-delivery objectives, most of which were fully achieved. The site was handed back in good condition, with repair and maintenance functions brought in-house, future service plans established, and key contractual payments completed. Lifecycle and fabric works were largely resolved, and an advance payment made at project inception was identified and returned. TUPE transfers, property lease updates and asset data transfer were completed with significant effort from operational, legal and HR teams.

A substantial element of the programme involved resolving issues linked to RAAC identified in three buildings. Negotiations resulted in a settlement totalling £1.726m to cover availability deductions, demolition, lifecycle works, FM costs and relocation expenses, leading to full resolution of liability and demolition of the affected buildings. Minor outstanding works related only to areas requiring clinical access. There was a future service delivery plan in place, with early savings identified and further efficiencies under review. Lessons learned from the programme had been documented and were being used nationally as an exemplar for future hand backs due to the effective partnership approach and successful resolution of complex contractual issues.

During discussion the following points were raised:

- RAAC Position. Members noted that the organisation had resolved the RAAC issues successfully, with the affected buildings demolished and the cleared site now being reviewed with support from the Scottish Futures Trust for potential future use.
- Recognition of the Team. Members agreed that the project's success reflected strong planning, disciplined scope management and effective negotiation, and requested that

thanks be formally recorded to the team for their work on one of the first major healthcare PFI hand back.

- Infrastructure Model. It was confirmed that traditional PFI was no longer in use, with current public-sector projects adopting alternative models such as DBFM, and national work underway to develop a new revenue-funded approach for future NHS infrastructure.

The Committee **considered** the report and agreed to take **substantial** assurance.

6. Digital Front Door Update

The Deputy Head of eHealth spoke to the circulated report advising the national MyCare digital app, noting that it had been developed over several years to provide patients with simple and intuitive access to key health information. It was confirmed that NHS Highland would take part in a soft national launch from April, with early functionality limited to core information drawn from primary care records and no immediate impact expected on current service delivery. Members were advised that the programme aimed to improve access, reduce pressure on busy services and support more efficient ways of working across the system.

The system had been piloted elsewhere and would expand in stages to include a broader range of information from both primary and secondary care. It was noted that NHS Highland would evaluate its use once live, with further development work and support needs to be identified in due course. Members were assured that the app represented an important first step in improving digital access for patients, with national partners and local teams continuing to shape its future direction.

During discussion, the following points were raised:

- Accessibility for Older Patients. It was asked whether older or less digitally confident patients would still be able to use non-digital routes, and it was confirmed that all existing contact methods would remain in place and the app would act only as an additional option.
- Parallel Systems and Delegated Access. It was noted that parallel systems would need to run for some time, and it was explained that the system served as a new access point rather than a replacement, with delegated access being explored for those needing support.
- Timeline and Development Pace. Questions were raised about how long full functionality might take, and it was confirmed that development would progress in phases over several years, supported by significant national investment.
- Political Context and Rollout Approach. Members observed the political interest in the programme, and it was confirmed that while politics may have influenced the timing, a phased rollout was the correct approach for a national digital system of this scale.
- Return on Investment. The potential for future cashable savings was queried, and it was noted that a business case had not yet been seen and that some national initiatives were driven by necessity rather than direct financial savings.
- Data Ownership and Information Accuracy. Questions were raised about future online booking functionality and responsibilities for correcting data, and it was confirmed that statutory data ownership remained with Boards and GP practices, with national work underway to design processes for handling inaccuracies.
- Legal Constraints on Records. It was highlighted that many clinical records were legal documents that could not be altered directly, only amended, which would influence how data corrections were managed.
- Prevention and Public Health Engagement. The system's long-term potential to support self-management and prevention was noted, alongside the need to proactively support engagement among those less likely to access preventative care.
- National System and Governance. Clarification was sought on whether the system operated nationally, and it was confirmed that it was a single national platform providing

access to selected information rather than a full health record, with updates to follow through established digital governance routes.

The Committee **considered** the report and agreed to take **substantial** assurance.

7. 2025/2026 and 2026/2027 Meeting Schedules

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

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 13 March 2026 at 9:30am.**

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 13 March at 9.30am

The meeting closed at 11.47 am.