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	**13th March 2026 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 Jennifer Davies, Director of Public Health and Policy Richard MacDonald, Director of Estates, Facilities and Capital Planning Gerry O'Brien, Non-Executive Director David Park, Deputy Chief Executive Steve Walsh, Non-Executive Director
In Attendance	Natalie Booth, Senior Corporate Administrator Arlene Johnstone, Chief Officer for Highland Health & Social Care Partnership Jo McBain, Director of Allied Health Professionals Bryan McKellar, Whole System Transformation Manager Laura Neil, Associate Director of Quality and Clinical Governance Elaine Ward, Deputy Director of Finance Neil Wright, Non-Executive Director Dominic Watson, Head of Corporate Governance

1 STANDING ITEMS

1.1 Welcome and Apologies

Apologies were received from Katherine Sutton and Boyd Peters.

1.2 Declarations of Interest

There were no formal Declarations of Interest.

1.3 Minutes of Previous Meetings held on 6th February 2026, Associated Rolling Action Plan and Committee Work Plan 2025/26

The draft Minutes of the Meeting held on 6th February 2026 were **Approved.**

The Committee further **Noted** the Rolling Action Plan and associated Committee Work Plan.

2 MATTERS ARISING

There were no matters arising raised.

3 FINANCE

3.1 NHS Highland Financial Position (Month 10) Update and Value and Efficiency Update

The Deputy Director of Finance spoke to the circulated report detailing the financial position at Month 10, noting a Year-to-Date (YTD) overspend of £46.089m with a forecast year-end overspend of £44.600m, An overspend of £25.017 within Adult Social Care (ASC) was included in this forecast.

Specific updates were provided around continued reliance on supplementary staffing, unresolved SLA pressures with NHS Greater Glasgow and Clyde alongside emerging cost risks associated with new medicines. The improvements on Month 9 were in part due to mitigations such as prescribing improvements, National Insurance funding from Highland council and £10.000m additional funding from Scottish Government. The Committee were asked to take Limited Assurance from the report.

During discussion the following points were raised:

- Members expressed concern about the sustainability of the position and the extent to which structural pressures were being managed rather than resolved.
- Members sough clarity around what was included within ASC support services and why that appeared to represent a significant proportion of the deficit.
- The Deputy Director of Finance explained this category primarily reflected income and recoveries, including charging orders on properties and chargeable services.
- Members raised concerns about future cost pressures arising from GLP-1 weight loss drugs given recent developments in NHS England.
- The Chief Executive advised that this posed a significant affordability challenge nationally with demand likely to exceed current funding mechanisms with no clear path on how such pressures would be resolved, but it was being closely monitored.
- The Director of Public Health added that the cost didn't remain with the medication but it also had to form part of an appropriate pathway for patients.
- Members asked whether supplementary staffing costs were in addition to normal staffing costs and sought clarity on the net premium being paid.
- The Director of Finance confirmed that supplementary staffing costs represented a premium of approximately 30-40% though overall pay costs remained underspent due to high vacancy levels.
- Members queried how the expansion of resident doctor posts were creating a cost pressure for NHS Highland and not for NES. The Deputy Director of Finance explained that the number of resident doctor posts had increased nationally and whilst the base salary for hose posts was funded, the banding costs were not and created a net cost pressure for Boards.
- Members noted that Argyll and Bute council increased council tax by 9.8% with around half explicitly planned for ASC pressures which resulted in intense political scrutiny, they sought clarity on whether similar scrutiny may emerge in Highland and whether it would encourage shared decision making between NHS Highland and Highland Council.
- The Chief Executive explained that the IJB model in Argyll and Bute enabled a formal governance route where Health Boards and Councils can come together, engage elected members and secure a democratic mandate for difficult ASC decisions but noted that under the lead-agency model this had historically been more challenging.
- Members sought clarity on the NHS Greater Glasgow and Clyde SLA dispute resolution.
- The Director of Finance confirmed that discussions had not progressed, but Audit Scotland were considering advice in the accounting treatment of the options.

The Committee **Examined** and **Considered** the content of the report and **Agreed** to take **limited** assurance.

3.2 Draft Financial Plan

The Deputy Director of Finance spoke to the circulated report and noted an updated opening gap of £123.177m which was a reduction of £14.069m from the draft submission. She noted the reduction reflected refinements to assumptions, particularly around prescribing, ASC and updated intelligence from the current financial year.

She highlighted the plan assumed a 3% recurring reduction to baseline which equated to £30.601m leaving a remaining gap of £36.957m. She added that the gap represented 12.1% of baseline noting it was an improvement on the previous year where the gap had been over 15%.

It was noted that a key risk remained the NHS Greater Glasgow and Clyde SLA should it worsen in 2026/27 but there were still opportunities around non-recurring improvements and potential benefits from sub-national integration work.

The Committee also considered the refreshed 15-box grid, which underpinned the Value and Efficiency programme and aligned with the Population Health Framework, Service Renewal Framework and Operational Improvement Plan.

Members noted that the grid provided a high-level view of potential savings opportunities across a range of themes and whilst welcomed they recognised many schemes remained at an early stage of development.

During discussion the following points were raised:

- Members acknowledged the plan couldn't meet Scottish Government's stated expectation of not exceeding £40m when exceptional items were included but questioned the impact of not submitting a plan below £40m where the Q3 letter stated it would not be accepted.
- The Director of Finance recognised the Scottish Government letter but confirmed that NHS Highland was unable to meet that expectation and other Boards have operated in an environment where they did not have an approved plan by Scottish Government.
- Members challenged the assumption of a 3% saving in ASC and suggested this risked understating the true scale of the deficit and masked structural issues. The Director of Finance acknowledged the risk but emphasised retaining a savings target was important to demonstrate active financial management, she added that the narrative would be updated to articulate this in more detail prior to submission to Scottish Government
- The Chief Executive added that much of the ASC deficit was structural and system driven but there remained a leadership responsibility to pursue efficiency.
- Members queried whether the 15-Box grid demonstrated sufficient maturity to support delivery of the required savings. The Deputy Director of Finance explained the grid was intended as a strategic framework rather than a finalised delivery plan with further development required in partnership with services.

The Committee:

- **Examined** and **Considered** the content of the report and **Approved** the submission of the Financial Plan to Scottish Government.
- **Examined** and **Considered** the content of the report and took **Moderate Assurance** that NHS Highland was reviewing the data provided and is progressing the requirements of the 15-Box grid through the VEAG

3.3 15-Box Grid

This was discussed in the previous item.

4 Risk Register – Level 1 Risks

The Deputy Chief Executive spoke to the circulated report and highlighted that financial sustainability, cyber security and system pressures remained the most significant risks facing the organisation. Members highlighted emerging external risks, particularly geopolitical instability and rising oil prices, which could impact energy costs, construction inflation and supply chains.

The Deputy Director of Finance confirmed that whilst a large proportion of NHS Highland's energy costs were capped, energy cost assumptions were being reviewed and would be reflected in risk reporting. The Director of Estates, Facilities and Capital Planning added there could be impacts on construction inflation and capital projects which was being regularly reviewed.

The Committee took **Substantial Assurance** on the awareness and recording of Level 1 risks within NHS Highland.

5. Operational Improvement Plan (OIP) Deliverables Report

The Whole System Transformation Manager spoke to the circulated report and noted that 55% of deliverables were rated Green, 35% Amber and 10% Red.

Red items related to cancer waiting time performance and the implementation of the community glaucoma service, but he highlighted that mitigations were now in place for the latter. Members asked how Amber deliverables would be managed as the organisation moved into the next financial year to prevent slippage to red.

It was confirmed that several deliverables would roll forward into 2026/27 with revised milestones to ensure progress, rather than being treated as failures but it was important to take cognisance the aim was continuous dialogue with Scottish Government and evidencing improvements overall rather than singular constraints.

Members queried whether lessons had been learned or captured from historic delivery constraints such as eHealth capacity. The Deputy Chief Executive confirmed that programme learning was being considered to improve future planning and sequencing.

Members queried whether substantial assurance could be taken given the challenges highlighted around cancer waiting times. The Deputy Chief Executive assured committee that whilst elements remained at red, the assurance level was provided on the basis that mechanisms were in place and the trajectories were on track to make the necessary improvements

The Committee took **Substantial Assurance** on NHS highland's delivery against the Scottish Government OIP deliverables.

6. Integrated Performance Report

The Whole System Transformation Manager spoke to the circulated report and noted strong performance in CAMHS and psychological therapies. He highlighted continued challenges in unscheduled care, delayed discharges, cancer waiting times and emergency department access, particularly over the winter period but there were several mitigation plans in place as noted in the report with an aim to improve to 83% delivery in March.
He noted whilst NHS Highland was behind plan around planned care and Treatment Time Guarantee (TTG), improvements were being made which should be reflected in future updates and close dialogue was taking place with Scottish Government to ensure trajectories were being met wherever possible.

During discussion the following points were raised:

- Members observed that performance appeared polarised, with some areas performing well above target while others remained significantly challenged. Particular concern was expressed regarding emergency department performance and delayed discharges over the winter period.
- Members asked whether sustained underperformance in cancer services should reduce the level of assurance suggested. The Deputy Chief Executive advised that the assurance level should reflect not only performance but also the governance, controls and improvement actions in place rather than purely metrics.
- Members sought clarity around whether the impact of recent walk-in centre pilots would be reported through committee. The Deputy Chief Executive confirmed the data would be brought back once systems and reporting mechanisms were established.
- Members asked whether measles vaccinations were being monitored to ensure increased uptake, particularly as efforts were underway in other Boards such as NHS Grampian. The Director of Public Health confirmed the team were actively monitoring vaccination rates and potential risks by utilising national surveillance networks but there was no immediate cause for concern in NHS Highland.

The Committee took **Moderate Assurance** from the content of the report and **Noted** the continued and sustained pressures facing both NHS and Commissioned Care Services.

7. Capital Asset Management Update

The Director of Estates, Facilities and Capital Planning spoke to the circulated report and noted that year-to-date spend was progressing appropriately and that full utilisation of available capital was expected by year-end.

He added that there had been improvements in targeting backlog maintenance through the BCIP approach but acknowledged overall backlog maintenance funding remained insufficient to address all risks but highlighted these were being recorded on the risk register appropriately.

Members sought clarity around why capital schemes appeared to show minimal spend to date. The Director of Estates, Facilities and Capital Planning confirmed these were committed schemes and expenditure was expected to be fully utilised before year-end.

The Committee **Noted** the content of the report and took **Moderate Assurance** on the information on the allocation and delivery of the Capital Formula Spend delivered through NHS Highland's Capital Asset Management Group

8. Lochaber Redesign Project Update

The Nurse Director spoke to the circulated report and noted the revised capital costs of approximately £200m which reflected inflation, delays and full project scope.

The Director of Estates, Facilities and Capital Planning confirmed that although the business case hadn't been formally submitted yet, Scottish Government had indicated comfort with the cost methodology, and NHS Assure processes were providing strong assurance.

Members recognised the scale and significance of the investment while welcoming progress in governance, assurance and design maturity.

During discussion the following points were raised:

- Members asked if there is an expected lifespan of the new hospital, The Director of Estates, Facilities and Capital Planning advised 25 years but would confirm out of the meeting.

- Members sought clarity on the OBC approval date referred to in the report and asked whether this was Board or Scottish Government approved. The Nurse Director confirmed it was Board approved.
- Members indicated that they hoped the same teams were involved in the Lochaber project that were involved in the National Treatment Centre project. The Director of Estates, Facilities and Capital Planning confirmed most of the previous team had returned.

The Committee **Noted** the status of the Lochaber Redesign Programme Infrastructure Workstream, including Programme and Key Risks and took **Moderate Assurance**.

9. Draft Committee Annual Report

The Committee **Approved** the Draft Annual Report

10. Committee Workplan 2026-27

The Committee **Approved** the 2026-27 Workplan

11. 2025/2026 and 2026/2027 Meeting Schedules

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

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

12. DATE OF NEXT MEETING

The next meeting of this Committee was to be held on Friday 10th April at 9.30am

The meeting closed at 11.39 am.