

<p>HIGHLAND NHS BOARD</p>	<p>Assynt House Beechwood Park Inverness IV2 3BW Tel: 01463 717123 Fax: 01463 235189 www.nhshighland.scot.nhs.uk</p> <p>NHS Highland na Gàidhealtachd</p>
<p>MINUTE of the FINANCE, RESOURCES AND PEFORMANCE COMMITTEE TEAMS</p>	<p>04 April 2025 at 9.30 am</p>

Present

Alexander Anderson, Chair
Tim Allison, Director of Public Health
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

Rhiannon Boydell, Mid Ross District Manager
Kristin Gillies, Interim Head of Strategy and Transformation
Brian Johnstone, Head of Energy, Environment and Sustainability
Brian Mitchell, Committee Administrator
Katherine Sutton, Chief Officer (Acute)
Nathan Ware, Governance and Corporate Records Manager

1 STANDING ITEMS

1.1 Welcome and Apologies

Apologies for absence were received from Committee member S Walsh.

1.2 Declarations of Interest

There were no formal Declarations of Interest.

1.3 Minutes of Previous Meetings held on Friday 7 February and 14 March 2025 and Associated Rolling Action Plan

The draft Minutes of the Meetings held on 7 February and 14 March 2025 were **Approved**. The Committee further **Noted** the Rolling Action Plan.

2 NHS Highland Financial Position 2024/25 Report (Month 11) and Value and Efficiency Update

The Director of Finance and Deputy Director of Finance both spoke to the circulated report detailing the NHS Highland financial position as at end Month 11, advising the Year-to-Date (YTD) Revenue over spend amounted to £59.182m, with the overspend forecasted to be £44.792m for the full financial year. There was a revised brokerage cap of £49.7m. The

forecast assumed further action would be taken to deliver a breakeven Adult Social Care (ASC) position, in relation to which it was reported £2.1m had been drawn down against the relevant Transformation Fund. The forecast was £4.9m better than the revised brokerage limit set by Scottish Government and £5.8m better than the target previously agreed by the NHS Board. The report further outlined planned versus actual financial performance to date as well as the underlying data relating to Summary Funding and Expenditure. Key Risks and Mitigations had remained constant. Updates were also provided on additional funding receipt, Highland Health and Social Care Partnership; Adult Social Care; Acute Services; Support Services; Argyll and Bute; Cost Reduction and Improvement Activity; Supplementary Staffing; Subjective Analysis and Capital spend position. The report proposed the Committee take **Limited** assurance.

On the point raised in relation to Value and Efficiency Planned Savings, against delivery of the same with regard to income generation the Director of Finance advised much of the planned activity had been achieved although this had been applied and captured across a number of finance coding areas. She gave a brief update on a number of associated elements.

The Director of Finance then went on to speak to the circulated letter dated 31 March 2025, from the Scottish Government relating to the NHS Three Year Financial Plan 2025-28 which had been shared for information purposes. The letter outlined the financial requirements set out for NHS Highland in 2025/26, including the financial year end net financial position and associated recurring savings target. It was reported further discussion had been held with Scottish Government in relation to the options available to achieve the stated requirements, overall longer-term improvement trajectory and in year deliverables. Further discussions were planned on a range of associated aspects and potential central support arrangements. The Chief Executive went on to expand on a number of these elements in discussion, including the potential for improving future service planning framework arrangements. There was also further discussion on the associated impact on the financial year end reporting arrangements and scheduling of NHS Board Financial Plan development and consideration arrangements.

After discussion, the Committee:

- **Examined** and **Considered** the implications of the Financial Position.
- **Noted** the detail of the circulated letter from Scottish Government and stated requirements.
- **Agreed** to take **Limited** assurance.

3 15 Box Grid Quarterly Update

The Director of Finance spoke to the circulated report, providing an assessment of progress against the 15 Box Grid and Quarter 3 position as reported to Scottish Government, the detail of which was also circulated. It was reported a benchmarking pack had been received, detailing some potential areas of opportunity to consider. The report proposed the Committee take **Moderate** assurance.

The following was discussed:

- Wound Management. Advised relevant activity was being taken forward, with a number of associated suggestions received having been recognised and implemented previously.
- Sharing of Best Practice. Confirmed regular discussion held by Directors of Finance, noting improvement in relation to the Supplementary Staffing position for example.

After discussion, the Committee:

- **Examined and Noted** the data and current position.
- **Agreed** to take **Moderate** assurance.

4 Capital Asset Management Update

The Director of Estates, Facilities and Capital Planning spoke to the circulated report, providing an update on the NHS Highland Capital position at Month 11. It was reported all capital had been released and progress was being closely monitored through monthly monitoring reports, monthly one to one meetings with budget holders and through the Capital Asset Management Group (CAMG). Spend would continue to be closely monitored in the remaining weeks of the year to ensure expenditure followed the anticipated trajectory and the full allocation had been utilised. As at month eleven, the year to date spend was £5.903m, with most of the expenditure within Estates. Full details of expenditure were detailed. The report proposed the Committee take **Moderate** assurance.

In discussion, members were advised the Capital allocation spend for 2025/26 had been linked to the Business Continuity Investment Plan for eHealth, EPAG and Estates activity and associated defined risk areas as outlined. The Deputy Chief Executive highlighted NHS Highland success in securing additional Capital allocations in year, as a result of effective forward planning and prioritisation setting activity. The impact of a Capital pause in year, on the ability of NHS Highland to utilise resource in a more timely manner was noted. The planned backlog maintenance plan for 2025/26 was noted as approximately £1.97m.

After discussion, the Committee:

- **Noted** the update on the allocation and delivery of the Capital Formula Spend delivered through NHS Highlands Capital Asset Management Group.
- **Agreed** to take **Moderate** assurance.

5 Environment and Sustainability Update

B Johnstone provided a quarterly update presentation to the Committee and highlighted:

- Raigmore Hospital had reduced carbon emissions in 2024/25 by switching from heavy fuel oil to diesel, with exact figures pending. Despite progress, meeting the Scottish Government's 75% heat decarbonisation target by 2030 remained challenging without substantial infrastructure investment. There was an aim to transition from diesel to hydrogen fuel by the early 2030's.
- Utility costs had increased due to Ofgem's price cap rise, but national procurement anticipated a substantial reduction in electricity costs in 2025/26.
- The Environment and Sustainability Board had been restructured to include more grassroots input, continuing efforts to improve sustainability. A draft policy document had been circulated for comment, and the next E&S Board meeting in April 2025 would discuss the same.
- Discussions were ongoing about power purchase agreements with private energy providers to reduce costs and carbon emissions, with Raigmore Hospital a key focus.
- There had been developed an Environment Management System (EMS) with the Knowledge Transfer Partnership at UHI, aiming to achieve £2.2 m in savings over four years. Relevant development faced challenges in demonstrating commercial impacts, however progress had been made with expected graduate support from UHI.
- Health officials from Spain had visited to learn about NHS initiatives, including Green Theatres and Pure Water International plant. The visit had included presentations on various sustainability initiatives, with relevant learning taken away.
- EV infrastructure improvements were underway, with new rapid charging units expected online later that week, and plans for additional sites. Funding for EV infrastructure may be available again in 2025/26, supporting the transition to a decarbonised fleet.
- The Pure Water plant had successfully removed 90 kg of microplastics from wastewater, prompting further analysis and potential process changes. The Pure Water plant's findings

had led to discussion with Scottish Government and NHS officials about improving associated laundry processes and materials.

- An e-bike dock was installed at Raigmore Hospital as part of the Inverness connectivity project, enhancing local connectivity and promoting sustainable transport options.

The following was discussed:

- The filtration system had resumed, with Northern Recycling Services continuing to handle relevant disposal whilst facing challenges due to their 70 kg weight limit per move. Efforts were ongoing to find a solution for managing and removing the waste from the site.
- Extracted Material. The extracted material was a slurry, vacuum-dried but still containing water, and disposed of as general waste due to its mixed plastic content. No clinical waste had been found in the analysis. Scottish Government provided funds for a high-level study on decarbonising Raigmore, including tying backlog maintenance to carbon reduction.
- The backwash process eradicated pharmaceuticals. Tested water showed no detection of pharmaceuticals, and the recycled water went through a three-stage backwash process, ensuring it was clear before reuse. Ongoing monitoring and sample testing were planned to validate the absence of pharmaceuticals and microplastics, with discussions with Scottish Water about trade effluent charges.
- The filtration system's results showed minimal concentration of pharmaceuticals after the first backwash, disappearing by the second stage. Samples taken depended on the linens being washed, and while results were promising, continuous validation was necessary to ensure the effectiveness of the process.
- The issue of plastic waste in water filtration was considered for wider alert across the NHS in Scotland, with caution exercised to ensure controls and processes were in place.
- Discussions identified a potential site near Caledonian Stadium for a hydrogen electrolysis plant powered by a solar field. The plant could supply hydrogen to Raigmore Hospital by 2030, with a pipe network expected by 2033. The project aimed to use green hydrogen, generated from renewable energy sources, to meet the hospital's future energy needs.

After discussion, the Committee:

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

6 Integrated Performance Report

The Interim Head of Strategy and Transformation highlighted continued progress in diagnostics, psychological therapies, and TTG performance, which remained strong compared to the rest of Scotland. Planned care delivery was noted as robust, and screening efforts were also performing well. Concerns persisted in CAMHS data quality, with ongoing efforts to improve the same. Delayed hospital discharges remained challenging, with trajectories being reviewed as part of the whole system improvement plan submitted to Scottish Government. Improvement programmes for cancer services and vaccination performance were discussed, highlighting the need for further scrutiny and addressing these areas through the annual delivery plan.

The following was discussed:

- Long Waits. Advised emphasis over the previous twelve months had been on addressing long waits, with plans to develop the IPQR for better scrutiny. A dashboard had been created to track patients at various waiting stages, ensuring timely appointments and meeting targets by March 2026. The team was focused on understanding the reasons behind long waits in different specialties and ensuring proper appointment practices.

- Finance Performance and Resource Allocation. Financial performance and resource allocation were crucial for managing waiting lists and delivering services. The discussion highlighted the need to balance additional activity for extra funding with the expected funding already invested in services. The ability to deliver services effectively depended on visible financial management and prioritisation within the Health Board.

After discussion, the Committee:

- **Considered** the level of performance across the system.
- **Agreed** to take **Limited** assurance.

7 Strategy and Transformation Assurance Group Update

The Interim Head of Strategy and Transformation advised STAG priorities were divided into three categories: A (organisational-wide with executive oversight), B (sector-wide), and C (service-led). This structure helped manage and escalate complex programmes effectively. Over the previous few months, significant progress had been made, supporting the Annual Delivery Plan submission. Key programmes included strategic transformation, primary care strategy, mental health and learning disabilities, frailty, person-centred models of care, urgent care services, and prevention and reducing health inequalities. The focus was on financial and workforce planning to support these initiatives, with ongoing efforts to align value and efficiency work across the organisation.

The following was discussed:

- Reporting Process. Members emphasised the need for regular updates on key deliverables for assurance. The Interim Head of Strategy and Transformation confirmed monthly STAG meetings provided detailed scrutiny of selected programmes, offering to share the STAG pack with the committee.
- Programme Complexity and Correlation. Members highlighted the importance of correlating STAG programmes with value and efficiency work and financial returns, explained the complexity of some programmes, and the need to show progress through various lenses, including financial and performance plans.
- Multi-Year Approach and Transformation: Members expressed interest in a multi-year approach to programme progress and highlighted the potential linkage between radical transformation and ongoing work, noting that transformational change was part of the overall strategy and would influence programme development.

After discussion, the Committee:

- **Noted** the progress of the STAG ABC Change Framework in meeting the strategic outcomes of NHS Highlands Together We Care Strategy
- **Agreed** to take **Moderate** assurance.

8 Digital Health and Care Strategy Update

The Deputy Head of E-Health explained the significant work planned, using an inverted triangle model split into four levels. The top level addressed operational support for NHS Highland, including E-health and risk management. Major changes included the implementation of the Track EPR system, accelerating data sharing across five hospitals. The first phase, involving staff training, was set to go live in June-July, followed by the introduction of OrderComms in Secondary and Primary Care. Supporting these changes required infrastructure upgrades. The capital spend report highlighted a £1.36m allocation against £8m, with a need for £36m over five years for business continuity.

The following was discussed:

- Cloud-hosted systems. NHS Boards aimed to reduce standalone systems and move towards shared, cloud-hosted systems, facilitating easier access and better healthcare through data integration. The Orion portal was used for data sharing and decision-making.
- Budget. Members acknowledged the challenge of upskilling and retaining staff to support new technologies and systems, ensuring reliable and continuous operation, especially with the increasing reliance on cloud services.
- Nationally hosted system for GPs that went into administration. Members were assured that NHS Scotland was negotiating with a supplier and there had been no risks to patient care. Confidence was given that an agreement would be reached and NHS Highland was ready to resume the programme once confirmed.
- System Interconnectivity Risks. Members were assured that NHS Highland prioritised data protection and cybersecurity, highlighting the benefits of cloud services for continuity and redundancy. It was explained agreements were in place to ensure service continuity even if a supplier went into administration.

After discussion, the Committee:

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

9 Risk Register – Level 1 Risks

The Deputy Chief Executive gave an update on the cybersecurity risk, mentioning several updates had been completed, while one had been deferred due to technical challenges. The Director of Finance provided an update on the financial risk and noted the final update would be provided after the month 12 position was known. She also advised of plans to review the presentation of the finance risk going forward due to it being a known issue rather than a traditional risk. The New Craigs risk remained on target for handover in June.

In discussion:

- Members raised concern about financial risk, acknowledged the certainty of overspending and questioned how to manage this in the risk register. They also questioned the need for a new risk related to a recent letter regarding spending authority, as well as the Adult Social Care risk and whether it would be carried over into the next year.
- The Director of Finance advised that the Adult Social Care risk would need to be closed for that year and rearticulated for the next, emphasising the importance of considering what could be influenced and changed within their control when presenting this risk.

After discussion, the Committee:

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

10 Draft Committee Work Plan 2025/26

Committee members noted and agreed the draft Committee Work Plan for 2025/26.

After discussion, the Committee Agreed the Draft Committee Work Plan 2025/26.

11 Committee Self-Assessment Survey Results

The Committee Chair suggested the Self-Assessment Survey results showed minimal differences compared to the previous year. The Director of Finance highlighted issues with the timeliness of papers and suggested the need for training sessions for new committee members on finance, governance, and NHS relationships. Members discussed the need to differentiate between detailed delivery scrutiny and higher-level transformational scrutiny, suggesting different timelines for reports.

After discussion, the Committee Noted the content of the Self-Assessment Exercise.

12 2025/26 and 2026/27 Meeting Schedules

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

9 May 2025	7 August 2026
6 June 2025	11 September 2026
11 July 2025	2 October 2026
1 August 2025	13 November 2026
12 September 2025	4 December 2026
3 October 2025	8 January 2027
14 November 2025	5 February 2027
5 December 2025	12 March 2027
9 January 2026	
6 February 2026	
13 March 2026	
10 April 2026	
8 May 2026	
5 June 2026	
10 July 2026	

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

13 ANY OTHER COMPETENT BUSINESS

There were no matters raised.

14 DATE OF NEXT MEETING

The next meeting of this committee was to be held on Friday 9 May 2025 at 9.30am.

The meeting closed at 11.40am