

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	07 February 2025 at 9.30 am	

Present

Alexander Anderson, Chair
 Tim Allison, Director of Public Health (from 9.50am)
 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
 Dr Boyd Peters, Board Medical Director
 Steve Walsh, Non-Executive Director

In Attendance

Isla Barton, Director of Midwifery
 Kira Brown, Committee Administrator (Observing)
 Kristin Gillies, Interim Head of Strategy and Transformation
 Eric Green, Head of Estates (from 10.00am)
 Arlene Johnstone, Head of Mental Health, Learning Disabilities and
 Drug & Alcohol Recovery Services
 Brian Mitchell, Committee Administrator
 Kevin Richard, Electrical Engineer (from 10.00am)
 Katherine Sutton, Chief Officer Acute

1 STANDING ITEMS

1.1 Welcome and Apologies

Apologies for absence were received from Committee member Graham Bell and Louise Bussell. Further apologies were received from Evan Beswick, Pamela Stott and Elaine Ward, who are routinely invited to Committee meetings.

1.2 Declarations of Interest

There were no formal Declarations of Interest.

1.3 Minutes of Previous meetings held on Friday 12 December 2024 (Revised) and Friday, 10 January 2025 (with Rolling Action Plan and Committee Work Plan 2024/2025)

The draft Minutes of the Meetings held on 12 December 2024 and 10 January 2025 were **Approved**. The Committee further **Noted** the Committee Work Plan 2024/25 and **approved** the 'proposed to close' items on the Rolling Action Plan.

2 NHS Highland Financial Position 2024/25 Report (Month 9) and Value and Efficiency Assurance Update

The 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 £52.920m, with the overspend forecasted to be £45.510m as of 31 March 2025. The forecast assumed further action would be taken to deliver a breakeven Adult Social Care (ASC) position. The forecast is £4.6m better than the revised brokerage limit set by Scottish Government and £5.5m better than the target agreed. 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 relevant Key Risks and Mitigations for which specific detail and updates were provided. Detailed updates were also provided for the Highland Health and Social Care Partnership area; Adult Social Care; Acute Services; Support Services; Argyll & Bute; the Cost Reduction/Improvement activity position; the position relating to Value and Efficiency activity, including mitigating slippage and associated Dashboard position as of December 2024; Supplementary Staffing; Subjective Analysis; and Capital Spend. The circulated report proposed the Committee take **Limited** Assurance due to the gap from Scottish Government expectations.

There was discussion of the following:

- Timescale for Discussions with Highland Council. Advised regular meetings held, with any agreement to be reached by financial year end. Particular areas of support were being developed alongside current discussion.
- Overall Current Financial Position. The improved position reported was welcomed, with Officers delivering noted improvement in the areas of focus previously agreed. The current level of financial stability was recognised and welcomed.
- Income Generation/Property Elements. Advised formed part of value and efficiency work and in part related to efficiency improvement considerations. Aspects relating to VAT recovery, wider income recovery and organisational estate were involved.

After discussion, the Committee:

- **Examined** and **Considered** the implications of the Financial Position.
- **Agreed** to take **Limited** assurance.

3 Financial Plan 2025/26 and Annual Delivery Plan Submission

The interim Head of Strategy and Transformation spoke to the circulated report providing an update on the process for development of the aligned plans due for final submission to Scottish Government by 17 March 2025. She also provided a specific brief presentation on development of the Annual Delivery Plan 2025/26, advising as to relevant high-level deliverables and priorities, associated Guidance, format and timeline(s), the overall approach taken, initial feedback from Scottish Government, future development activity and relevant engagement elements.

The Director of Finance then went on to provide a presentation to members on development of the Financial Plan for 2025/26, advising as to the relevant Budget Letter from Scottish Government previously reported. She outlined the initial overall financial headline aspects; summary position; relevant additional funding, additional costs and brought forward pressures; inflation and uplift assumptions; cost pressures; and the challenge faced in terms of cost reduction/improvement activity. Updates were also provided in relation to value and efficiency scheme proposals and processes, activity relating to the 15 Box Grid position and changes, next steps in terms of cost reduction and improvement activity, and relevant wider financial planning risks. The circulated report recommended **Substantial** assurance.

The following aspects were discussed:

- Health and Social Care Partnership Cost Pressures. Confirmed relevant cost pressures will be defined and appropriately populated. May be reflected across a number of wider budget elements.
- Opening Financial Position 2025/26. Advised provision of defined comparison with previous opening statements would require further investigation activity.
- ADP and Activity Level Projections. Advised initial draft Planned Care trajectories recently submitted, with further discussion scheduled with Scottish Government. Final agreed trajectories would be in place by end April 2025.
- ADP Guidance on Population Health and Inequalities. Noted referenced Population Health Framework had yet to be published. Advised as to ongoing considerations in NHS Highland around associated aspects and potential strategies, noting recent approval of the Director of Public Health Annual Report by the NHS Board. NHS Board input would be discussed at a Development Session in April 2025, where proposals would be presented.
- Carry Forward of Performance Indicators from 2024/25. Advised there would be a mix of carry forward and new Indicators within the final version of the ADP. Government set Indicators would likely change in year.

After discussion, the Committee:

- **Noted** the report content.
- **Agreed** to take **Substantial** assurance.

4 Strategy and Transformation Assurance Group (STAG) Update

The Interim Head of Strategy and Transformation explained that significant progress had been made in developing the strategic transformation model over the previous months. The revised STAG ABC transformation framework delegated responsibility for managing change to support NHS Highland's strategic outcomes, with programmes defined at A, B, and C levels to direct reporting and address threats or opportunities. A level programmes had an organisational focus, selected for their complexity in transforming NHS Highland's services, including specific areas within the Highland Health and Social Care Partnership (HSCP) and pan-Highland changes across Acute Services, Highland HSCP, Argyll & Bute HSCP, and Corporate Services. B level programmes were sector-specific, reported through senior leadership teams, and focused on value and efficiency. The C level programmes were more straightforward, service-led, and delivered in specific areas with appropriate escalations. These programmes formed the foundation of the annual delivery plan, with established programme boards and reporting structures, and would be used to develop the strategy over the upcoming years.

In discussion,

- The Interim Head of Strategy and Transformation highlighted B programmes would undergo deep dives to explore their interconnectivity and impact across sectors, ensuring organisational-wide focus through EDG leadership.
- The Chief Executive noted that the organisation aimed to enhance strategic planning by using public health data, input from staff and the public to target resources effectively. This data-driven approach, supported by a new committee structure, would focus on addressing health inequality and achieving population gains.

After discussion, the Committee:

- **Noted** the report content.
- **Agreed** to take **Moderate** assurance.

5 Capital Asset Management Update Month 9 Update

The Director of Estates, Facilities and Capital Planning highlighted that last year's capital allocation had been £6.947 m, targeted at backlog maintenance, essential equipment, and E-health replacement. This year, additional funds had been received for EV chargers, refurbishment, and other projects. By month nine, £3.734 m (53. Per cent of the budget) had been spent, with some delays due to fibre replacement projects. The organisation was confident that all funds would be utilised by the end of the financial year.

Despite the pressure from additional funding, orders had been placed for equipment replacement, backlog maintenance, and service enhancements. Additional funding had helped mitigate risks, such as replacing four sterilisers by April and advancing other projects. Contingency funds had been released for more equipment and E-health spending. The project prioritisation for the next year's spending had begun, with meetings chaired by the Deputy Director of Finance. The group had been preparing a list of projects to bring forward if additional funding became available.

In discussion, members queried if there were projects that could easily utilise available funds. The Director of Estates, Facilities and Capital Planning advised there were a few fleet leases that could be brought forward. The Deputy Chief Executive highlighted there was a list of projects ready to be prioritised if more money became available, particularly in E-health, where some projects involved cabling and related estate issues.

After discussion, the Committee:

- **Noted** the content of the report.
- **Agreed** to take **moderate** assurance.

6 Business Continuity Investment Plan Update

K Richards delivered a presentation to give an overview of the Business Continuity Investment Plan and to seek a recommendation for its approval by Board for submission to the Scottish Government. The presentation highlighted:

- The Scottish Government had requested a "do nothing, maintenance only" plan, which identified risks to the estate and equipment, excluding service delivery.
- The aim was to deliver a plan on how future capital would be determined across the NHS Scotland estate, with an annual review and submission process.
- The plan addressed specific challenges faced by NHS Highland and how these challenges affected business conduct and capital planning across the estate.
- Background information was provided on current operations, estate management, past allocation of funds, and future service needs, including the context of existing buildings.
- To prioritise risks, working groups with subject matter experts assessed various risks, including business, financial, health and safety, clinical operational, publicity, and reputational risks, resulting in a risk matrix based on existing information and systems.
- The plan provided an overview of the top risks for investment, such as fire compartmentation, electrical infrastructure, theatre ventilation, building fabric, drainage, heating infrastructure, decontamination equipment, imaging equipment, general medical equipment, digital network infrastructure, and digital resilience.
- It also outlined plans for future risk management and modernisation of the approach for future submissions.
- Governance involved creating working groups, consulting stakeholders, and using existing systems and meetings for information.
- The plan noted the impact of regulatory changes due to Scottish hospital and Grenfell inquiries, fire improvement works, and recommendations from the Scottish Fire and Rescue Service.

- Data and assumptions included a 133 per cent uplift on the current allocation, with a routine allocation of £7.3 m, and an increase in backlog maintenance requirements from £66 m to £86.2 m.

The Director of Estates, Facilities and Capital Planning continued the presentation to outline future steps for estates and facilities. He advised structured capital planning had been implemented, with a governance route to support identification and prioritisation of spending. This was compatible across all Boards in Scotland which meant that they could compete equally for capital funding, with the government able to allocate funds based on higher risks.

There would be the development of an Estates Strategy that focused on reinvestment and disinvestment opportunities, and assessing properties for better usage and retention. Workforce would continue to be evaluated to ensure staff had the required skills to maintain new and old buildings. This would be addressed through multi-skill programmes and maintenance assistant enhancement programmes. The target for the coming financial year was to improve business continuity and integrate it with operational teams.

In discussion,

- Members queried whether the Scottish Government had requested a business continuity plan or a plan on how to spend £16 m a year to address the highest risks.
- Members noted that £170 m over 10 years seemed low for an organisation the size of NHS Highland. The Deputy Chief Executive highlighted £130 million may seem substantial compared to backlog maintenance funding, it is not significant compared to new builds.
- Members asked if unlimited funding was available, would the prioritisation still be risk-based and when would actions be taken. The Director of Estates, Facilities and Capital Planning advised that the team was instructed to work within a specified budget and prioritise accordingly, noting a limit to the capital pressure that can be applied to projects at one time, necessitating a pragmatic approach. With unlimited funds, the focus might shift to building new structures rather than renovating existing ones.
- The Head of Estates emphasised that business continuity plans must align with larger investment programmes, requiring interim investments to keep facilities operational until new buildings are completed, while understanding government intentions and ensuring structured, logically sequenced capital investment.
- The Deputy Chief Executive emphasised the importance of connecting with E-health and improving resilience coordination, cautioning that the business continuity plan would not entirely mitigate risks, but could help minimise impact and prepare for high-impact events due to lack of capital investment.
- Members questioned whether the 'do minimum' option would lead to increasing backlog maintenance as conditions worsen over time. The Head of Estates advised inflation had significantly increased construction and equipment costs over the past seven years, reducing purchasing power and making the perceived increase in funds less significant.
- Members suggested risk registers should reflect operational perspectives and involve multidisciplinary teams. The Director of Estates, Facilities and Capital Planning emphasised the need for heads of operations to be aware of risks and business continuity plans and stressed the importance of ensuring that operational teams have continuity plans that align with potential disruptions.
- The Director of Estates, Facilities and Capital Planning confirmed that the submission would go to the board meeting before being submitted to the Scottish Government.

After discussion, the Committee:

- **Noted** the report content.
- **Agreed** to take **Moderate** assurance.

7 2025/26 and 2026/27 Meeting Schedules

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

	8 May 2026
14 March 2025	5 June 2026
4 April 2025	10 July 2026
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	

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

8 ANY OTHER COMPETENT BUSINESS

None

9 DATE OF NEXT MEETING

The next meeting of this committee was to be held on Friday 14 March 2025 from 9.30 am.

The meeting closed at 11.15 am