

FINANCE AND RESOURCES COMMITTEE

Minutes of the meeting of the Finance and Resources Committee held at 9.30 on Wednesday 11 February 2026 via Microsoft Teams.

Present: Mr R. Roberts, Non-Executive Board Member (Chair); Mr P. Allenby, Non-Executive Board Member; Mr A. Fleming, Non-Executive Board Member; and Mr G. Gordon, Non-Executive Board Member.

In attendance: Mr B. Barron, Director of Capital Planning; Ms M. Campbell, Director of Estates and Facilities; Mr J. Crombie, Deputy Chief Executive; Ms T. Gillies, Medical Director; Facilities; Mr C. Marriott, Director of Finance; Mr A. McCreadie, Deputy Director of Finance; Mr D. Thompson, Board Secretary; Mr. C. Kerr, Programme Director, Capital Planning; Ms I. Tricker, Interim Head of Property and Asset Management; Mr D. Mill, Head of Sustainability and Energy; Mr C. Stirling, WGH Site Director; Mr A. Milne, Programme Director, Capital Planning; Ms S. Cosens, Senior Programme Manager, Capital Planning and Projects; and Mr G. Ormerod, Committee Administrator (minutes).

Observing: Mr E. McGivern (Talent Management) and Mr F. Ahmed (Talent Management)

Apologies: Cllr S. Akhtar, Non-Executive Board Member; Mr T. Power (Director of People & Culture) and Mr Lewis Doult (Talent Management)

Chair's Welcome

Members were reminded that they should declare any financial or non-financial interests they had in the items of business for consideration, identifying the relevant agenda item and the nature of their interest. No interests were declared.

33 Welcome and Introductions

33.1 The Chair welcomed everyone to today's meeting.

34 Declaration of Interests

34.1 None

35 Committee Business

35.1 Draft minutes of the meeting held on 17 December 2025

35.1.1 The minutes of the meeting held on 17 December were approved as an accurate record, with the exception of a change to ENRAC, which should be NRAC.

35.2 Running Action Note

35.2.1 All actions are closed on the action log.

36 Capital

36.1 Property and Asset Management Improvement Programme (PAMIP)

36.1.1 Mr Kerr provided an update on the Property and Asset Management Improvement Programme (PAMIP), confirming that the project tracker was ongoing, LIMS was a challenging project within a national programme.

36.1.2 The LIMS project team have agreed to prepare a paper to highlight the national picture and to provide assurance that the project could be delivered on time. The delivery date remained July 2027. However, assurance was required on the contingency arrangements and resilience of the current system as it was run down, if the project was not delivered on time. An update would go to LCIG and to the next F&R Committee. **KC**

36.1.3 Mr Allenby advised that the complex project was drifting and welcomed an in-depth discussion and update on LIMS. He asked which committee was best placed to be sighted on the development of future IT projects.

36.1.4 Mr Crombie confirmed the work was nationally procured, and that he would engage with the team, and might seek national representation. He confirmed that the executive team had been reviewing a number of projects and that programmes were under duress. Common themes were being observed, including a light touch on role management and under-resourcing. The executive team pulled together a risk response for the board, which was likely to result in a corporate risk, and a Strategy, Planning and Governance project was expected to come through F&R.

36.1.5 The Chair noted in the LIMS report that discussions with the current supplier and health boards should address sustainability and explicitly state that legacy systems were being run down, an issue that had affected other boards

36.1.6 Mr Kerr confirmed that the Business Continuity Plan (BCP) had been submitted to the Scottish Government in December and that a response was to follow. There was some slippage in the current financial year, which was expected to be used by the end of March on projects that could be completed, including a sustainability project and LED lighting at the Alexander Donald Building.

36.1.7 An overview was provided of several property disposal projects at various stages. Regarding Belhaven Hospital, discussions had taken place about a community asset transfer; a formal request was received from Sustaining Dunbar to purchase the community garden, and a valuation request had started. One issue was a difference of opinion on site classification: Sustaining Dunbar considered the land agricultural, while NHS Lothian considered it for residential sale. Discussions are ongoing and this will be considered by the Board during 2026.

36.1.8 Mr Kerr provided further project updates:

- Eden Hall Hospital: Missives were nearing completion; the buyer was expected to finalise them and secure planning permission for the site's redevelopment. Under the terms of the agreement, the developer would demolish part of the current site.
- Newton Grange Clinic: Site will be listed for sale.
- Royal Victoria Site: Edinburgh Council noted interest from public bodies but no offers, an independent valuer had been appointed. The council was expected to withdraw because the price was considered too high, and the site was likely to be placed on the open market.

- St Michael, Linlithgow: Local public bodies had expressed interest, and discussions were underway to reach an agreement with West Lothian Council. There were issues with the buildings on the site, and demolition of some areas was pending.

36.1.9 The Chair asked about developer contributions for Eden Hall. Mr Kerr confirmed he was willing to provide an update on developer contributions but said it was difficult to secure this contribution for health-related developments.

36.1.10 Ms Tricker provided an update on Q3 financial information for Properties and Asset Management. She reported a break-even position and £976k held in contingency and noted five contingency requests submitted through the rolling programme to LCIG and this committee. She also reported on the rephrasing of costs and funding from the Scottish Government.

36.1.11 Ms Tricker confirmed plans to utilise just under £1m towards the end of the financial year and that she had communicated with BCP about an additional £4m for equipment, decontamination and to address year end slippage, enabling projects originally expected next year to be brought forward. She confirmed that funding priorities were being reviewed through the rolling programme and would be presented to the next committee.

36.1.12 The Chair noted a significant achievement in reaching the end of the year within budget.

36.1.13 The Committee noted and approved the recommendations as set out in the paper.

36.2 NHSL Capital Project Assurance update and SHI update

36.2.1 Mr Barron confirmed that the assurance framework was being road tested through the Eye Pavilion re-provision and that the framework had been tweaked. Responsibility for the framework placed with the SRO.

36.2.2 The team worked through roles and responsibilities and navigated the learning of applying the framework within a group process. They reviewed technical documents to ensure specifications were correct. The scope and standard scope of services for technical advisors were defined and reviewed so project requirements were clear.

36.2.3 Mr Crombie confirmed the project focus and that lessons had been learned from RHYCP. He said the framework for managing capital projects and the programme board had been clear on priorities and compliance. Each programme board member had received a letter setting out their key roles and responsibilities.

36.2.4 Mr Crombie confirmed that he had written to Mr Marriott requesting external scrutiny of the project and overarching governance. The project required IPCT and Microbiology input; NHS Lothian were unable to provide this at present and no support was available from NHS Assure, so the matter had been raised to the Scottish Government to discuss expert support.

36.2.5 Mr Allenby suggested a formal agreement with NHS Assure to provide services. He noted that large capital projects are very complex and emphasised that this was the type of support NHS Assure should provide. Mr Crombie advised that interaction with Scottish Government on IPCT would open further discussion of roles and responsibilities.

36.2.6 The Chair advised that a set of recommendations from SHI had been presented and asked the Committee to accept significant assurance that those recommendations had been progressed. A Non-Executive Board Member noted there was a large volume of information

supporting the projects and suggested gateway reviews at each stage to maintain oversight of project delivery.

36.2.7 Mr Marriott outlined SFT assurance, governance assurance, key stage reviews and the organisation's own assurance framework, together with NHS Assure and internal audit. He confirmed that levels of assurance were being built into the process and noted that the team had been quick to respond to SHI recommendations. He advised that broader discussions were taking place and that internal audit would provide assurance, using F&R as the vehicle for updates and for capturing lessons learned.

36.2.8 Mr Kerr advised that not every project would require a gateway review at each stage. He noted this was the first time the approach had been used for a major project but expected PAEP to complete each checklist. He added that projects with specified threshold would require a gateway review and that it should be made clear when gateway reviews were required.

36.2.9 Mr Allenby asked whether action should be taken to provide reassurance around NHS Assure. Mr Marriott advised that NHS Assure operates independently of NHS Lothian and that the scope of its work is determined by the Scottish Government. Mr Marriott confirmed that he would discuss the matter with Alan Morrison at the Scottish Government and suggested inviting NHS Assure colleagues to the F&R update on PAEP.

36.2.10 The Chair confirmed that an annual review of Capital Projects' business would be completed going forward. **KC**

36.2.11 Members noted that, to provide significant assurance, a degree of evidence on the use of the new systems would be required. The Committee agreed to a Moderate level of assurance while testing the work and processes, with a view to moving to Significant assurance once sufficient evidence was available.

36.3 WGH Demolitions Business Case

36.3.1 Mr Stirling, WGH Site Director, reported that the paper requests support for demolition of buildings within the WGH site, noting a sizeable proportion of the estates are aging and had failed and therefore required demolition. He highlighted that vacant buildings posed a risk by attracting urban explorers. Patients and families had raised concerns that the site appeared neglected from Telford Roadside, but the demolition would provide a pathway for redevelopment once completed.

36.3.2 Ms Cosens confirmed the business case related to the initial 2022 request, but funding was not available at the time, and the proposal formed part of the provision for the Regional Cancer Centre.

36.3.3 The Committee noted the significant on-site work required and the challenges posed by multiple buildings that needed decanting and emergency demolition. Members highlighted the opportunity to improve safety across large areas of the Western General Hospital but stressed that Health and Safety must not be compromised; the first stage was to clear the existing infrastructure on site.

36.3.4 Members noted that additional business cases for future building projects would follow and that significant investment was required to address the clock tower infrastructure, including medical gases, catering and laboratory areas. Two options remained under consideration; refurbish and retain the clock tower or demolish it and, in either case, the site had to be made safe first and any resolution would take a number of years.

36.3.5 Mr Marriott reported that several demolitions had taken place across the estate and that a risk remained in relation to ADEL funding. He confirmed that no agreement had been reached to proceed with Option 3, but that ongoing work moved the programme towards that phase and towards the clock tower works.

36.3.6 The Committee supported the proposal to proceed with Option 2 and subsequently move to Option 3 as part of a wider programme of work, noting that additional capital investment would be required in future.

36.4 National HSDU Resilience Plans

36.4.1 Ms Campbell reported that work was progressing to improve infrastructure including on the steam infrastructure at Little France, along with a review of ventilation to provide additional resilience. She noted that funding from the Scottish Government was received in January, and this money will be used for instruments and trolleys, with plans to spend this before the end of March.

36.4.2 A formal paper on National HSDU Resilience Plans would be presented at the next F&R Committee. **KC**

36.5 HSDU Capacity (Risk ID 5388)

36.5.1 Item discussed under National HSDU Resilience Plans.

36.6 Royal Infirmary Fire Safety Risk update

36.6.1 Mr Crombie confirmed the risks become more important as the board move toward retaining the site in December 2027 and asked that the Committee recognise the ongoing work on the site.

36.6.2 Ms Campbell confirmed there are no changes to grading, assurance, or adequacy. She confirmed an updated enforcement notice from the Scottish Fire and Rescue Service (SFRS) was received in December. SFRS carried out two site visits: one relating to waste management in the basement and a second concerning fire devices following a change of use of rooms. A satisfaction letter has been received for the waste matter, and the Board is awaiting a further letter relating to the change of use and associated fire safety measures.

36.6.3 Fire strategy development continues with Consort and Equans. The second stage of the fire strategy, originally due to commence in July 2025, has been delayed pending receipt of AECOM's scope and methodology proposal. Work on a solution for wall cladding is progressing while the scope for stage 2 is agreed.

36.6.4 Mr Barron confirmed the first two actions and the SFRS enforcement notice have been completed. He reported the next deadline for signage is 2 May, with installation underway. He highlighted ongoing challenges with the fire strategy and noted a series of workshops are taking place to review key safety issues, with a focus on safe distances, fire exits, and fire hydrants.

36.6.5 A Non-Executive Board Member highlighted that the report's risk description referred to an enforcement notice and asked whether this related to the current enforcement notice or to a new enforcement notice. He said he had difficulty understanding the actions and suggested they be presented on one page rather than two. He also noted that work was progressing but that no dates had been provided to show progress.

36.6.6 The Chair requested that a trajectory of improvement and associated risk levels should be set out based on the actions available and the timescales for delivering them.

36.6.7 Mr Crombie confirmed that feedback would be taken to make the report clearer so people could understand what is presented. He noted that previous updates from Mr Barron had specified the work required, but that the subject was complex and specific dates were difficult to provide. He said interim dates would nevertheless provide a level of assurance and that he would take those comments on and update the report accordingly. **MC**

36.6.8 Mr Barron advised that he worked to a separate document and tracker that aligned with the enforcement dates and deadlines. He confirmed that the December enforcement notice was to be followed and that additional enforcement notices could be issued if the current requirements were not completed satisfactorily. Mr Barron advised that the first elements implemented were non-building measures that reduced the risk rating from Very High to High. He noted that the ongoing challenge would be to maintain that standard over time.

36.6.9 Members noted and agreed the current risk rating and update provided within the report.

36.7 Royal Infirmary Facilities Risk

36.7.1 Ms Campbell provided an update confirming that there were no changes to the grading, rating, or adequacy of controls.

36.7.2 Ms Campbell reported that life-cycle work was ongoing and that some improvement work on the site was already underway. She noted that several large projects were tied into the contractual documentation currently progressing, including work on electrical systems, heating, ventilation, water, and medical gases. Electrical resilience was linked to another project that would proceed once the supplementary agreement had been signed.

36.7.3 Ms Campbell highlighted ongoing challenges with black start capability and the electrical infrastructure and confirmed that a black start could not be carried out for the next six months until further resilience work had been completed on site.

37.7.4 Mr Barron confirmed that the supplementary agreement continued to determine control of the building, with the scope of work influencing what this would entail. He noted that funders now needed to be in a position to sign off the fundamental agreement, and that money was now being spent. The agreement was currently with funders and lawyers, with email discussions taking place that morning. He highlighted that the priority was electrical resilience.

37.7.5 A Non-Executive Board Member asked whether there was an expected timescale from the funders. It was noted that this should be the last of the funders to respond this week, alongside ongoing discussion on collaboration with the University. The proposal would then be circulated to the 11 banks, with an estimated turnaround time of four weeks.

37.7.6 Members asked, given the uncertainty around the black start capability and the electrical issues, what the contingency arrangements were. Ms Campbell responded and confirmed that there are four temporary generators, which provided a higher level of resilience than any other site, although this came at a cost to the Board. She noted that a load-shedding structure was in place and that resilience remained.

37.7.7 Mr Crombie confirmed that the Board moved to ensure that the additional generator capacity and real time support was available on site.

37.7.8 The Committee accepted the limited assurance level and took assurance from the progress to date and the risk mitigations in place.

38 Revenue

38.1 Financial Position

38.1.1 Mr McCredie presented the Month 9 update as part of the standard report submitted to the Committee. He confirmed a YTD overspend of £6.75m, noting an improving position relative to the trajectory and a projected year end overspend of £7.4m.

38.1.2 The financial plan set at the start of the year, together with Level 1 of the escalation framework, was expected to deliver financial balance. Mr McCredie noted that delivery is slightly behind schedule; recurring costs remain high and the current efficiency savings are not being achieved, but the Board expects to meet financial balance.

38.1.3 Some improvements to sustainability have been made, with several initiatives undertaken this year to improve the position. Significant assurance was provided on achieving a balanced outcome, but a funding gap of £7m remains to be recovered; actions are in place to reduce the gap and to seek additional funding.

38.1.4 Mr McCredie thanked the services and the system for their work in progressing financial balance and performance.

38.1.5 Members acknowledged the finance team's strong year-on-year performance, noting it compared favourably with other boards. Members asked when CNORIS and new medicines funding would be received.

38.1.6 Mr McCredie noted that the new medicines funding and a reduction in CNORIS are currently forecasts. He advised that a total of £45m will be shared between boards, which equates to approximately £6-7m per board.

38.1.7 A Non-Executive Board Member asked about efficiency savings, where these will be realised, and for an outline of the work supporting them. Mr McCredie confirmed he will share the requested information.

AMcC

38.1.8 The Chair confirmed that the 3% target represents a significant challenge and noted variation in delivery across the organisation; he asked for the year-end position in areas showing variation. Mr McCredie advised that the review process is continuous and that Q2 reviews with business units have been completed against the criteria; where units do not meet thresholds, matters will be escalated to the Finance Oversight Board to identify and monitor actions to improve performance.

38.1.9 The recommendations set out in the report were approved.

38.2 2026/27 to 2030/31 Financial Plan Update

38.2.1 Members received an update on the third iteration of the plan; a further update will be provided at the March meeting. The paper sets out the forecast and the financial position as

the organisation moves into the new financial year. It highlights an opening gap for 2026/27 of £80m, representing a known overspend.

38.2.2 The paper includes extensive updates since the budget on 13 January, and the first table shows £109m, reflecting a deterioration from previous positions. Work is under way to improve forecasting accuracy; emerging pressures include drug expenditure and inflation.

38.2.3

38.2.4 The paper outlined implications of Agenda for Change reform, noting £150m nationally and £300m overall. This presents a significant operational risk for securing additional workforce given proposals such as a reduced working week and pressures on Band 5/6 pay bands; no additional funding is available specifically for Agenda for Change.

38.2.5 There remains an ongoing expectation of 3% efficiency delivery. Additional funding to support the improvement plan has been reduced to £100m, down from £200m last year.

38.2.6 A new payroll system and a high-cost programme are under development; the programme is expected to incur £30m in costs to be shared between boards. Further information is required before this figure can be formally recorded in the accounts.

38.2.7 The challenge remains for Level 1 boards to achieve the full 3% efficiency target. Some areas may show improvement, but careful management of the year-end position is required. Ongoing reviews and escalation will be used where units do not meet thresholds.

38.2.8 Service level agreements for 2026/27 are being developed, with expectations of returns from other health boards and a hopeful improved position. Work will continue with IJBs to align plans and resources.

38.2.9 The Chair highlighted that the 3% efficiency target remains a significant challenge and suggested for a five-year comparison of performance against that target.

38.2.10 Mr McCredie responded that, over the last two to three years, the focus has been on reducing the recurring gap and delivering efficiency savings. He noted the ongoing difficulty of identifying new efficiency opportunities each year while maintaining operational performance.

38.2.11 A Non-Executive Board Member noted the importance of the spending review cycle and rising anticipated costs and asked where strategic efficiencies will be found and whether sub-national work should be considered. He advised that NRAC and demographic change are key drivers. He highlighted an ageing population and changing population profile as factors that increase demand.

38.2.12 Mr Marriott said the current position is not where the Board wants to be and emphasised the need for improved delivery and clear next steps. He described sub-national work as additional and complementary to local actions.

38.2.13 Mr Crombie noted that the organisation is focused on delivering current services while also planning for future needs; the clear message was that no additional support is expected. He described sub-national working as a new and innovative, population-based approach to healthcare provision and emphasised that each board must retain commitment and focus on its own delivery responsibilities.

38.2.14 Members agreed that a paper from the Strategic Change Group (SCG) on strategic transformation will be presented at the next F&R meeting.

CM

38.2. The Chair asked what level of risk had been carried into the new year and how additional actions could be identified to address the gap. He also asked for the implications of the annual delivery plan and the trajectories for the coming year.

38.2.16 Members noted that some areas are progressing through efficiency programmes and that acute discussions are underway to limit expenditure and improve savings. Historically a reasonable gap of £20-30m has been assumed as the range within which the Board expects to reach breakeven.

38.2.17 Mr Marriott advised that this iteration will be flagged to the Performance Board; there will be no Board meeting between now and the next Finance & Resources meeting.

38.2.18 Members noted the update contained in the paper.

39 Sustainability

39.1 Climate Emergency and Sustainability update

39.1.1 Mr Crombie confirmed he had met with a number of colleagues and highlighted the Board's continued focus on Climate Emergency and Sustainability work.

39.1.2 Ms Campbell confirmed that interviews for the vacant Head of Sustainability have taken place, and that Mr Mill has been offered the post of Head of Sustainability and Energy.

39.1.3 Mr Mill presented an update on the paper and confirmed the report provides details on emissions and sustainability for the last financial year. The report is currently in draft form and sets out statutory requirements to engage both internally and externally. The paper will be presented to the Board in April and, following Board consideration, will be published on internal and external websites.

39.1.4 Members noted progress on a number of key sustainability initiatives, including reductions in anaesthetic gas use and the development and rebranding of NHS Green Healthcare Scotland as part of the Centre for Delivery and Support, supported by national groups and local clinical expertise.

39.1.5 Members noted a continued commitment to capital applications, with positive feedback on the WGH energy infrastructure proposal and agreement to progress to the next phase, including appointing a project manager to support delivery and to explore alternative financial solutions for the year ahead. This approach is intended to accelerate implementation while managing affordability and risk. A review and refresh of the sustainability strategy will set out short and medium term actions, ensuring alignment between capital plans, operational priorities, and sustainability objectives.

39.1.6 The Chair congratulated Mr Mill on his appointment as Head of Sustainability and Energy. The Chair asked whether the service currently measure patient transfers and staff commutes as part of our sustainability metrics and what would be required to capture those emissions.

39.1.7 A Non-Executive Board Member asked whether the status report will be made available to the Board. He noted that with Mr Mill's appointment, there is a need to address the resourcing gap given the small existing team. Ms Campbell confirmed discussions have taken place on the resource required over the next few weeks and that Mr Mill's previous role will need to be backfilled to support delivery of the strategy.

39.1.8 Mr Mill advised that collating data on patient transfers and staff travel is difficult. He noted that parking on sites is complex and that, while some information has been collected for BioQuarter and St John's Hospital, obtaining accurate, comprehensive data is challenging. He confirmed Public Health colleagues are contributing, but this remains a significant issue with no quick fix.

39.1.9 Mr Mill advised there is a need to explore alternative finance arrangements to support the WGH energy infrastructure and other sustainability capital projects. He noted that Boards have not commonly pursued these routes previously, but discussions are ongoing, and this work will be included in the project manager's workplan to progress options.

39.1.10 Members noted the update for information.

40. Reflections on the meeting

40.1 Matters to be highlighted at the next Board meeting

40.1.1 The Climate Emergency and Sustainability Update would be presented at the next Board.

DM

40.2 Matters to be highlighted to another Board Committees

40.2.1 The LIMS paper will go through the Strategy, Planning & Performance Committee.

KC

40.2.2 The 2026/27 to 2030/31 Financial Plan Update would be presented to Strategy, Planning & Performance Committee.

CM

41 Date of Next Meeting

41.1 9.30am on Wednesday 25 March 2026

42 Further Meeting Dates

- 10 June 2026
- 19 August 2026