

FINANCE AND RESOURCES COMMITTEE

Minutes of the meeting of the Finance and Resources Committee held at 9.30 on Wednesday 25 March 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 Cllr S. Akhtar, Non-Executive Board Member

In attendance: Prof C. Hiscox, Chief Executive; Mr J. Crombie, Deputy Chief Executive (from 10.00am); Mr B. Barron, Director of Capital Planning; Ms M. Campbell, Director of Estates and Facilities; 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 J. Long, Director of Innovation and Transformation; Ms I. Tricker, Interim Head of Property and Asset Management; Ms A. MacDonald, SPM Masterplanning Strategic Planning & Modernisation; Mr D. Mill, Head of Sustainability and Energy; and Mr G. Ormerod, Committee Administrator (minutes).

Apologies: Mr G. Gordon, Non-Executive Board Member; Mr T. Power (Director of People & Culture); Ms M. Carr (Acute Services Director); Ms A. MacDonald (Executive Director of Nursing)

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.

43 Welcome and Introductions

43.1 The Chair welcomed everyone to today's meeting.

44 Declaration of Interests

44.1 None

45 Committee Business

45.1 Draft minutes of the meeting held on 11 February 2026

45.1.1 The minutes of the meeting held on 11 February were approved as an accurate record.

45.2. Running Action Note

45.2.1 All actions are up to date on the action log.

46 Strategic Transformation update - Strategic Change Group (SCG)

46.1 Ms Long presented an update on the Strategic Transformation update. She explained that the group was established to support LSDF and wider change priorities, with a focus on

prioritising work based on available capacity, recognising that not all initiatives can be progressed simultaneously.

- 46.2 Members noted that the former Finance Change Group has now transitioned into the Strategic Change Group, which will also take on the remit of the Financial Improvement Groups. It was highlighted that there are currently not many projects in the pipeline. The 3% recovery programme will be overseen through the Financial Recovery and Performance Management and Finance Oversight Group, chaired by Mr Marriott.
- 46.3 It was confirmed that Non-Executive Board Members will have visibility of proposals involving service reductions through SPPC, and that any major change would be subject to robust discussion and scrutiny.
- 46.4 Members welcomed the shift from a financially focused group to a broader transformation-focused Strategic Change Group, recognising this as an important step in strengthening the justification and rationale for change activity. They acknowledged the need for appropriate oversight and an outcome-focused approach that ensures Non-Executive Members have sight of proposals at the earliest opportunity through SPPC, with further iterations expected to come to the Finance & Resources Committee.
- 46.5 A Non-Executive Board Member asked how future business cases would be routed, noting that traditional capital cases have historically gone to the Finance & Resources Committee, while more strategic cases may require consideration through SPPC. Prof Hiscox agreed to take this point away for further reflection. She highlighted the need to clearly understand the balance between capital investment and transformation, enabling decisions, and how best to align governance so that both aspects are appropriately considered. **CH/JL**
- 46.6 The Committee approved the recommendations. It was noted that a further update would be provided at a future meeting on an ad hoc basis and through routine financial reporting.

47 Draft Committee Annual Report

- 47.1 A draft copy of the Committee Annual Report has been circulated. Mr Marriott confirmed that this is the first version and represents an important milestone, providing an opportunity to reflect on current practice and effectiveness, and to consider any improvements required to the governance structure for the year ahead.
- 47.2 The Board Secretary confirmed that each of the Board's standard committees produces an annual report, which is then incorporated into the Board's Annual Accounts in June. This first draft follows the established and tested process, aligning the report with the Committee's Terms of Reference and setting out the assurances and decisions made throughout the year based on reports and updates received at each meeting.
- 47.3 The Board Secretary highlighted that a final version of the Committee Annual Report will be presented at the June meeting for formal sign-off. He noted that a further meeting of Board Committee Chairs will take place in April to review and strengthen assurance reporting and to consider any areas of cross over between committees.
- 47.4 A Non-Executive Board Member emphasised the importance of reflecting on performance over the past year. In reviewing Section 2, he highlighted the need to consider areas of control weakness. He noted that LIMS is an example of a large-scale project run centrally, where NHS Lothian does not have full control, and that as the system moves towards more sub-national models, similar arrangements may become more common. He identified this as an example of a control weakness that should be acknowledged.

- 47.5 A Non-Executive Board Member agreed with comments about reliance on external bodies and the need for clearer governance and assurance. He noted the range of business cases considered by the Committee and highlighted the LSDF as a significant area of activity. He suggested being more explicit about how business cases are presented and how SPPC gains assurance from them.
- 47.6 Members discussed that a rating of significant assurance would ordinarily imply that all areas are operating effectively; however, aspects such as capital allocation particularly the Clock Tower project still require further assurance. Members reflected that significant assurance rating reflects the effective management of these issues rather than an ability to remove or transfer the underlying risks.
- 47.7 The Chair noted that the organisation will increasingly be working alongside other bodies, particularly in areas relating to patient safety. He emphasised the need for clarity around collective and mutual assurance arrangements as this joint work develops.
- 47.8 Members noted that Section 2 could be reproduced again for 2025/26, and that several projects are likely to remain on the list. This raised the question of whether this indicates that some issues are not being fully addressed.
48. Board Assurance Framework (BAF)
- 48.1 The Board Secretary provided an update on the development of the Board Assurance Framework (BAF). Work continues to refine the framework, and the current cycle of committee meetings will be used to gather feedback on progress to date, particularly in relation to staff governance, the delivery plan, and associated KPIs.
- 48.2 The objectives of the BAF are to increase confidence in governance and assurance arrangements, improve organisational line of sight, and support implementation of the Blueprint for Good Governance. The BAF will function as a user manual, setting out the Board's governance arrangements and the integrated governance system with two new elements introduced: an Integrated Quality Report and an Assurance Risk Report.
- 48.3 The Board Secretary outlined the five core components of the BAF:
- Performance and Quality Report
 - Risk Management System
 - Strategic Planning and Commissioning System
 - Audit Arrangements
 - Board Operating Guidance, including Standing Orders, Committee Terms of Reference, and related protocols.
 - An assessment against the Blueprint for Good Governance was completed in March 2024.
- 48.4 A steering group was subsequently established, supported by a working group that has met regularly since September and weekly since January. Internal Audit has provided advisory support throughout this process.
- 48.5 The updated BAF is expected to be presented to the Board for approval in August. In the interim, engagement with Committees will continue to ensure clarity on how each committee contributes to the Board's assurance system. Committees will provide feedback by the end of the month, with further updates planned for June and July. Work is also underway with analytics colleagues to consolidate reporting.

- 48.6 The working group is progressing practical assurance mapping, reviewing business cycles and committee work plans to identify gaps in assurance. A stakeholder survey has also been completed to gather wider perspectives from those involved in Committee work.
- 48.7 The Board Secretary highlighted areas of the IPQR performance dashboard that would be presented regularly to the committee covering:
- Financial sustainability
 - Efficiency and value for money
 - Capital programme delivery
 - Environmental sustainability
 - Risk and assurance management
- 48.8 Prof Hiscox noted that the joint objectives between the Chief Executive and the Chair will continue to evolve through the annual appraisal process and can be refined as data quality improves to support stronger strategic decisions. Finance is positioned within the LSDF as an enabling parameter. To avoid drifting into operational detail or creating overlap, a further discussion may be required to clarify the balance between strategic oversight and the next level of conversation. **CH/ DT/CM**
- 48.9 The Chair asked members to review the BAF slides and provide any further feedback. **ALL**

49 Capital

49.1 Property and Asset Management Improvement Programme (PAMIP)

- 49.1.1 Mr Kerr provided an update on PAMIP, confirming there has only been one LCiG meeting since the last report. The project tracker for electric vehicle charging points is almost complete, but a dispute remains, which will be taken to the next LCiG meeting.
- 49.1.2 The business community plan update has been submitted to the government, and a response is to follow. There has been further slippage in the capital plan, and work is underway to bring forward some projects from next year into this year, including USP network nodes, HSDU resilience, and additional electric vehicle charging.
- WGH Ward Round RAAC - Work has started, is running to programme, and is being conducted above the ceilings and completed at night.
 - Developer Contributions - A legal agreement has been secured with the City of Edinburgh Council for £2m in health contributions. Work is ongoing to determine whether any retrospective funding can be obtained and to allocate these contributions to future projects. Engagement with other council areas continues. Health contributions will be incorporated into future development plans.
 - Mr Kerr confirmed that the £2m in health contributions applies to the whole of Edinburgh. He noted that the funding is restrictive, as it must be used in the specific area where each contribution was made. The funds can only be applied to current capacity pressures, and a report is required to justify any spending.
 - The financial plan has been updated, with some rephasing of costs. The £1.5m slippage has been allocated for medical equipment, and the final contingency will be delegated to the Capital Steering Group to allow smaller projects to be brought forward into this year.

49.1.3 A Non-Executive Board Member welcomed the additional funds and slippage. They asked whether there had been any feedback on in-year allocations and how the organisation could be more proactive in securing developer contributions. Ms Tricker responded, confirming that allocations are discussed with the government to push for earlier slippage given the current challenges. She noted that a waiting list of projects and priorities is in place, allowing items to be brought forward quickly when slippage becomes available.

49.1.4 The Chair suggested that a report on RAAC could be shared for information. **MCamp**

49.1.5 Members approved and supported the report's recommendations.

50. Annual Post Project Review Summary

50.1 Mr Barron noted that more detailed project documentation is available and can be provided for review as required. He highlighted that good processes are in place, including the new PAEP project. Members discussed the need to tighten oversight of smaller projects, such as those relating to the Sycamore Centre. It was acknowledged that while some elements could have been managed better, particularly given the six-month delay, managing live projects remains challenging.

50.2 Mr Kerr noted that the project team aims to carry out a further review 12–18 months after the initial post-project review. He acknowledged the challenges in completing these reviews, particularly when staff have moved on, but emphasised their importance. Members discussed the current time delay between project completion and reports reaching the Finance & Resources Committee and suggested considering whether reports could be provided when PPRs are first received. It was agreed that options for presenting this information more effectively would be explored. **CK**

50.3 Members highlighted the usefulness of the report and welcomed the evidence that learning is being captured from experience. They noted that it is not necessary for the Committee to review individual PPRs, provided there is clear assurance that reviews are being completed and that common themes and lessons are being identified.

50.4 The Chair emphasised the importance of learning from projects, particularly in relation to recurring themes and the assurance that PPRs are undertaken when appropriate.

50.5 The Committee accepted the recommendations. The Chair requested assurance that Post-Project Reviews are being completed for learning purposes and asked that future reports provide this detail.

51. 26/27 Formula Capital Prioritisation - Proposals for Investment

51.1 The paper outlines proposals for allocating the 2026/27 capital formula funding. It builds on previous work to assess Rolling Programme investment requirements as part of the Business Continuity Plan (BCP) submitted to the Scottish Government and presented to the Finance and Resources Committee in January 2026 under BCP governance.

51.2 The paper confirms that the capital allocation relates specifically to formula capital, with no increase to the existing £26 million budget. Additional funding will be generated through book value or future asset disposals — including the Belhaven Hospital site, which has been declared surplus — bringing the total available capital to £27 million. A further £45 million has been assigned to business continuity and essential estate maintenance. This includes

priority works such as the SJH roof, the WGH clock tower, and several other project proposals outlined within the report.

- 51.3. A Non-Executive Board Member highlighted ongoing workforce challenges. Members noted the limited resource and capacity within services to address risk, as well as gaps in the available skill set. Highlighting the importance of skills development and the need to rebalance the workforce for the future.
- 51.4 A Non-Executive Board Member sought assurance regarding the six programme categories, noting that each carries its own set of risks. He asked how the organisation ensures that multiple programmes are not exposed to overlapping risks. He also enquired about the role of the charity and how charitable funding supports this work.
- 51.5 Members acknowledged the challenges arising from the nature and complexity of the projects. It was noted that high and very high risks are funded within each programme, with funding directed at those elements that are deliverable within the year. The role of the charity was highlighted as an important component of the process. Members noted that the Capital Steering Group has recently been established, with charity now fully embedded within this governance structure. Services are encouraged to bring forward projects that may be suitable for charitable funding.
- 51.6 Members discussed the WGH demolition project and agreed that a site visit would be helpful to understand the live work underway. It was suggested that this should be arranged around the next Board meeting, with a proposal that all Non-Executive Members visit the WGH site within the next year.
BB / DT / MCamp
- 51.7 Members accepted the recommendations set out within the report.

52. PAEP Reprovision – Project Bank Account

- 52.1 Members noted the update for information.
- 52.2 A Non-Executive Board Member queried the anticipated costs; these are expected to be minimal, with any expenditure arising only if not all contractors sign up. Early discussions are underway to support rollout through the final business case.
- 52.3 Members noted that the Scottish Government's Construction Policy Note CPN 1/2019 requires health boards to open a Project Bank Account (PBA).

53 HSDU Capacity (Risk ID 5388) and National HSDU Resilience Plans

- 53.1 Ms Campbell provided an update and confirmed that there has been no change in grading or adequacy of control. She reported on the ongoing work to replace the steam pipework, which remains on track for completion by the end of April. Additional Scottish Government funding has been secured for grading and air-handling improvements in the clean room, the provision of UPS for the steriliser plant, and work to support future steam-generation replacement. Further funding has also been provided for trolleys and equipment.
- 53.2 Work continues to review asset suitability and risks for decontamination across Scotland. Feasibility assessments for Tayside, Glasgow and Grampian are expected by the end of March to support potential expansion and the development of a national contingency framework aimed at strengthening resilience and downtime planning.

- 53.3 National modelling work is ongoing across the system. A draft report has been completed; however, concerns were raised regarding the methodology and the way data has been collected. Several Boards are required to undertake further analysis.
- 53.4 A Non-Executive Board Member noted that three posts remain vacant. Ms Campbell acknowledged ongoing staffing challenges and highlighted the need to review current adverts to understand why recruitment is proving difficult. She advised that a review of HSDU undertaken two years ago identified the absence of a robust training programme. Since then, a structured training programme has been implemented, with investment in staff development leading to improved culture and strong opportunities for training.
- 53.5 A Non-Executive Board Member sought clarification on how NHS Assure priorities are managed and asked whether the £3m funding for additional capacity related to private steriliser provision. Ms Campbell confirmed that the funding involves a private company operating in Scotland and that the intention is to develop a more structured, coordinated approach rather than each Board progressing solutions independently.
- 53.6 Members highlighted the lack of clarity around the national strategy and the multiple points of failure across Scotland. He noted national recognition of the need to consolidate to a smaller number of units to reduce risk. In the interim, efforts are focused on expanding capability within existing units and investing in infrastructure to minimise failures, given the significant potential impact on patients.
- 53.7 Prof Hiscox noted that the national group has made limited progress in recent years. She advised that national papers outline the costs of new units and the investment required for existing infrastructure. The current proposal focuses on increasing capacity by improving and expanding the existing estate. This will be taken back to Board Chief Executives within the next three months, with a further update to follow.
- 53.8 Members approved the recommendations within the report.
54. Royal Infirmary Fire Safety Risk update
- 54.1 Ms Campbell reported that two of the three items in the Enforcement Notice have been closed and formally confirmed in writing. The next inspection is scheduled for the end of April, and progress remains on track, with work on the fire strategy underway
- 54.2 The Enforcement Notice is due to conclude in May and covers fire signage, the wider fire strategy, and actions required to address external cladding. Mr Barron confirmed that waste management in the basement continues to be monitored, and alternative solutions, including fire suppression sprinklers, are being explored.
- 54.3 Several points were raised at the Fire Safety Group, with a summary to be returned to the RIE Project Board for a decision on the fire strategy and the next steps. Mr Marriott highlighted the importance of this work, noting that the fire strategy will require significant funding, which committee members will need to review and approve to ensure good governance.
- 54.4 The Chair requested that, for the next committee meeting, a clear timeline be provided for when written assurance is expected. **BB**
- 54.5 Members noted the Fire Safety Risk update.

55 Royal Infirmary Facilities Risk

- 55.1 Members noted that the Supplementary Agreement is still awaiting sign-off, which is required before funding can be released and projects can progress. Seven of the eight banks have agreed to the terms.
- 55.2 The Chair emphasised that he expects the Supplementary Agreement to be signed off by the next committee meeting.
- 55.3 Members noted the update.

56 Revenue

56.1 Financial Position Year to Date

- 56.1.1 The paper provided an update at Month 11. The in-year position shows a £2m overspend, with ongoing pressures in non-pay. The year-end forecast has improved to a £2.8m overspend, which has reduced from earlier projections.
- 56.1.2 Significant assurance was offered regarding the final year-end position. This represents a major achievement, with the organisation expected to be one of six Boards delivering financial balance.
- 56.1.3 The paper highlighted that efficiency delivery has been a key component of KPIs and the wider efficiency programme, supporting progress towards financial balance and bringing performance close to target for the year.
- 56.1.4 The focus remains on delivering efficiency savings, noting that a substantial proportion continues to be non-recurring.
- 56.1.5 Members acknowledged the significant efforts across the whole system in achieving financial balance. While progress on savings is positive, it was noted that further work is required to meet the 3% target in future years and to ensure sustainable delivery.
- 56.1.6 A Non-Executive Board Member raised concerns regarding additional costs within REAS services, particularly agency and nursing pressures, and asked whether this was destabilising. Mr McCreadie outlined the approach to delivering recurring savings and highlighted areas such as new medicines and supplementary staffing, noting that further detail on classifications could be provided.
- 56.1.7 Mr McCreadie reported substantial growth in agency usage but confirmed that a programme of work is underway to strengthen the mental health workforce. Additional staff have been recruited to reduce reliance on agency, supported through the Strategic Change Group.
- 56.1.8 Members noted the report and the current position.

57 2026/27 to 2030/31 Financial Plan Update

- 57.1 Mr McCreadie reported that this is the final update following six months of work on the financial plan. The paper highlights the position for 2026/27, showing an identified balanced outturn for the new financial year and the need to identify schemes across the system

totalling £18m, representing 80% of the full 3% requirement. This mirrors the position for 2025/26.

- 57.2 The baseline position of £88m remains dependent on delivery of the efficiency programme. A financial review has been undertaken across the East Region, identifying a gap of £300m.
- 57.3 The paper outlines areas of expenditure growth and the progress made on the efficiency programme, with further work required. Efforts will continue to be escalated through the Finance Oversight Board to meet the 3% target.
- 57.4 A number of actions and highlights were noted in relation to prescribing growth, as recommended by the Scottish Government. Work undertaken by the Medicines Management Team has contributed £7m to the total, with a further £4m benefit identified.
- 57.5 The overall gap and challenges within the IJB amount to £28m of the total £83m position.
- 57.6 The report also provides narrative on sub-national planning across the East, recognising the need to establish a sub-national group. This work supports the five strategic priorities and enables the sharing of best practice between health boards. It also focuses on strengthening resilience, as some boards remain vulnerable due to ongoing challenges in maintaining services.
- 57.7 Mr McCreadie advised that the Scottish Government is exploring innovative solutions and opportunities to generate benefits through invest-to-save approaches. He highlighted that business systems are a critical area of development, covering four key functions: finance, payroll, HR, and procurement. The current system is outdated, and the business systems programme is now being taken forward as a national initiative. A new system will be implemented, with some non-recurring costs and shared responsibilities across the board.
- 57.8 Members also acknowledged the challenges and the progress made in this work compared with previous iterations.
- 57.9 Committee members noted the report's recommendations.

58 Financial Risk

- 58.1 Mr Marriott provided an update on the financial risk, confirming it remains in the very high category. The mitigation plan has been updated to reflect key critical risks, including work to reduce ENRAC from 0.6% to 0.5%, Agenda for Change implications, and the reduced working week.
- 58.2 Members noted the impact of the capital formula, the PFI contract, and the need for the committee to understand and focus on these areas over the coming years. The financial impact of scheduled and unscheduled care was noted, with NHS Lothian funding allocations linked to performance.
- 58.3 A Non-Executive Board Member highlighted that the risk-mitigation plan does not currently include an ADP workplan and highlighted the need for clarity on ownership. Mr Marriott confirmed he will be responsible for this work and its delivery.
- 58.4 Members approved the recommendations within the report.

59 Sustainability

59.1 Climate Emergency and Sustainability update

- 59.1.1 Mr Crombie noted that this was the first report following recent national-level discussions, providing a balanced review of the issues and areas for further consideration.
- 59.1.2 Mr Mill presented the climate emergency and sustainability update. He confirmed that £140k has been secured for clinical services work, with continued efforts to secure further funding from the Scottish Government.
- 59.1.3 He highlighted significant activity across the built environment, carbon emissions, and energy pressures. Fifty projects are currently being delivered through Phase 3 of de-steaming, supported by £7m from the £20m national allocation. This places the organisation in a strong position regarding national funding, investment pipeline, and post-project review.
- 59.1.4 The report provides further detail, including engagement with eHealth, collaboration with sustainability partners, regional activity, Edinburgh's net-zero leadership, and work on local heat networks.
- 59.1.5 Updates were provided on sustainable models of care, including short-term progress on sterile water initiatives and ongoing work in green healthcare. Environmental legal updates have now been incorporated into the system to reflect recent regulatory changes.
- 59.1.6 On the circular economy, a trial of reusable sharps bins is underway, alongside innovation work to move away from disposable systems and the development of a furniture-reuse management system.
- 59.1.7 Mr Mill also reported benefits from current energy market conditions, with locked-in pricing for next year covering 100% of electricity and 80% of gas, providing strong protection against unit price instability.
- 59.1.8 The Chair asked that future reports clearly set out the level of assurance being provided and make this explicit when describing progress.
- 59.1.9 Members noted the update within the report.

60. Reflections on the meeting

- 60.1 Matters to be highlighted at the next Board meeting – None
- 60.2 Matters to be highlighted to another Board Committees – None

61 Date of Next Meeting

- 61.1 9.30am on Wednesday 10 June 2026

62 Further Meeting Dates

- 19 August 2026
- 21 October 2026