

Financial Recovery Board Report to NHS Grampian Board meeting on 8th October 2026

Board Meeting

08/10/26

Open Session

Item 7.4

Purpose of Report

This paper provides an update on the issues considered at the Financial Recovery Board (FRB) meeting on 6th August 2026. The FRB has been established to lead a visible, outcome-focused financial recovery process, providing system-wide leadership, coordination, and assurance. Its role is to hold NHS Grampian to account for delivering recovery actions, oversee savings and transformation initiatives, and ensure targeted actions are in place to restore financial sustainability.

Discussions at this meeting focused on the Quarter 1 financial position; progress against the 2026/27 Value & Sustainability (V&S) Programme; development of transformation opportunities through the North East System Transformation Group (NESTG); and recent Scottish Government correspondence. The meeting emphasised the importance of maintaining financial discipline, delivering planned savings, strengthening financial oversight, and progressing improvement activity that supports longer-term financial sustainability and service improvement.

Recommendation

Board Members are asked to note the following items from the FRB meeting in August 2026.

Financial Monitoring Quarter 1

- An overspend of £11.5m was reported at the end of June 2026. While the position remains challenging, the FRB noted that NHS Grampian remains on track to deliver within the financial plan agreed with the Scottish Government.
 - The Value & Sustainability Programme is currently delivering above target and remains a key component of achieving the organisation's financial objectives for 2026/27.
 - Financial monitoring arrangements continue to be strengthened, including more structured reporting and quarterly financial performance discussions with Executive Leads.
 - Members noted the importance of maintaining robust budget management and monitoring arrangements throughout the year, recognising limited flexibility to absorb additional cost pressures.
 - Key financial risks discussed included delivery of planned care improvement, transformation activity and wider operational pressures that may impact financial performance.
 - The FRB welcomed the continued focus on budget management and oversight while recognising the importance of ongoing scrutiny as the year progresses.
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Detailed Value & Sustainability (V&S) Plan Update

- The FRB received an update on delivery of the Value & Sustainability Programme and reviewed savings performance across the programme workstreams.
 - Savings schemes continue to be subject to regular review, validation and financial monitoring, with mitigating actions agreed where delivery challenges emerge.
 - Enhanced reporting arrangements, including savings tracking and monthly monitoring, have been introduced to strengthen confidence in the accuracy and reliability of reported performance.
 - Quality Impact Assessment (QIA) processes continue to be applied to savings schemes, supporting consideration of quality, safety and wider impacts.
 - The FRB noted ongoing work relating to workforce planning, agency expenditure and vacancy management, with these areas remaining under review through established governance arrangements.
 - Training and development activity is being expanded to strengthen financial awareness and support delivery across services.
 - The FRB welcomed improvements made to programme processes and reporting arrangements.
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North East System Transformation Group (NESTG)

- The FRB received an update on progress within the North East System Transformation Group and the development of collaborative transformation opportunities across NHS, IJB and Local Authority partners.
 - The Group's Terms of Reference have been approved and will be presented through NHS Grampian governance arrangements.
 - Work arising from the diagnostic review is progressing, with opportunities being assessed to support future transformation and improvement activity.
 - The importance of clear communication, alignment with existing programmes of work, and coordinated implementation across partner organisations was recognised.
 - Regular reporting arrangements will continue through the governance structures of NHS Grampian, the IJBs and Local Authorities.
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Scottish Government Correspondence

- The FRB noted recent correspondence relating to executive recruitment controls and wider operational priorities for 2026/27.
 - Members noted ongoing work to align national operational priorities with NHS Grampian strategic priorities and ensure appropriate oversight arrangements are in place.
 - The role of the 15 Box Grid in supporting benchmarking, shared learning and improvement activity across NHS Scotland Boards was discussed, and a future deep-dive session was agreed.
 - The FRB also noted feedback received in relation to proposals supporting frailty service redesign and improved patient outcomes.
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AOCB

- There were no additional items raised under Any Other Competent Business.
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Escalation to the Board

- There were no matters requiring formal escalation to the Board from this meeting.
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Ritchie Johnson

Non-Executive Board Member, Chair of the Financial Recovery Board, 6th August 2026

Financial Recovery Board Report to NHS Grampian Board meeting on 08 October 2026

Board Meeting

08/10/26

Open Session

Item 7.4

Purpose of Report

This paper provides an update on the issues considered at the Financial Recovery Board (FRB) meeting on 3rd September 2026. The FRB has been established to lead a visible, outcome-focused financial recovery process, providing system-wide leadership, coordination, and assurance. Its role is to hold NHS Grampian to account for delivering recovery actions, oversee savings and transformation initiatives, and ensure targeted actions are in place to restore financial sustainability.

Discussions at this meeting focused on the Period 4 financial position; progress against the 2026/27 Value & Sustainability (V&S) Programme; actions arising from the review of the FRB; future deep-dive priorities; the Scottish Government 15 Box Grid; and progress through the North East System Transformation Group. The meeting emphasised the importance of consistent financial scrutiny, clear accountability for delivery, proportionate reporting of emerging risks and continued alignment between financial recovery, quality, workforce and operational performance.

Financial Monitoring Period 4

- The year-to-date overspend at the end of July 2026 was £16.2m. The forecast year-end position remains within the £36m deficit support funding agreed with the Scottish Government. Continued monitoring and delivery of planned savings will be required throughout the year.
- The monthly financial report has been expanded to provide further information on higher-risk areas, comparisons with the previous year and the performance of significant V&S schemes.
- The FRB emphasised the importance of consistent financial scrutiny and accountability across all operational, clinical and non-clinical areas. Established performance meetings will continue to support oversight of financial and operational delivery.
- The reported forecast includes some non-recurring financial adjustments. Future reporting will distinguish more clearly between recurring financial pressures and one-off measures to support understanding of the underlying position and longer-term sustainability.
- Strengthened monitoring and leadership arrangements are in place for identified workforce-related financial risks, with further work continuing through the V&S Programme and established operational governance arrangements.
- Future financial monitoring reports will include further analysis of non-clinical service pressures and, where appropriate, information on preventative action, mitigation and anticipated impact.
- The FRB noted the update and welcomed the additional detail provided through the monthly financial report.

Value & Sustainability (V&S) Plan Update

- Strengthened scrutiny is being applied to schemes where delivery is at risk, with Executive Leads required to provide assurance on mitigating action and the support required to maintain progress.
 - The FRB noted a small number of schemes that require continued monitoring and scrutiny through the established V&S governance arrangements.
 - The Every Penny Counts campaign has received nearly 200 responses, including increased engagement from the Acute Sector. Suggestions are being considered as part of the development of future savings and improvement opportunities.
 - Early planning for the 2027/28 programme is progressing. Further opportunities are being developed by Executive Leads and will be subject to the established Impact Assessment and Quality Impact Assessment processes.
 - Assurance was provided that financial savings would not be considered in isolation. Proposed savings or service changes are assessed to ensure they maintain quality of care, support staff wellbeing, and consider longer-term consequences, including a focus on prevention. This approach known as 'finding balance' is embedded within NHS Grampian's Quality Impact Assessment (QIA) process through the V&S programme. Future reporting will include clear and proportionate narrative on any impacts identified.
 - The FRB noted the increased depth and transparency of reporting and the continuing focus on schemes where further assurance is required.
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FRB Review and Future Deep Dives

- The FRB considered actions arising from the review of its effectiveness. Future meetings will place greater emphasis on red and amber rated items, emerging financial risks and substantive deep dives, while reducing repetition and information-only reporting.
 - Financial monitoring and V&S reporting will remain core recurring items, with agenda papers more clearly identifying whether each item is for information, discussion or assurance.
 - Future agendas will seek to accommodate two substantial deep dives where appropriate, while retaining flexibility to respond to emerging risks and ensuring relevant leadership attendance.
 - The forward programme will include scrutiny of workforce-related financial pressures and the governance and accountability arrangements supporting financial control within divisions.
 - Periodic benchmarking will be used to support consideration of NHS Grampian's financial performance relative to other NHS Scotland Boards.
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15 Box Grid – Deep Dive

- The FRB received an overview of the mandatory Scottish Government 15 Box Grid, which covers financial management alongside wider measures relating to performance, productivity, prevention and workforce.
 - Members discussed how red and amber assessments should inform the FRB's work and how the information could be presented with appropriate context to provide meaningful assurance.
 - It was agreed that individual elements of the Grid should align with the relevant priority programme boards, with appropriate ownership established and material financial recovery risks reported to the FRB by exception through existing V&S reporting.
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North East System Transformation Group

- The FRB received an update on progress through the North East System Transformation Group. Governance and programme management arrangements are in place, and the diagnostic work is nearing completion.
 - Partners are identifying a small number of priority areas for 2026/27. Proposals will be considered through the established governance arrangements of each partner organisation, with NHS Grampian oversight provided through the Performance Assurance, Finance and Infrastructure Committee.
 - The FRB agreed that this should no longer be a standing agenda item. Relevant financial information will be reported through financial monitoring and V&S reporting, with a future deep dive commissioned where specific assurance is required.
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Scottish Government Correspondence

- Recent Scottish Government correspondence was shared for information and noted by the FRB.

AOCB

- There were no additional items raised under Any Other Competent Business.
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Escalation to the Board

- There were no matters requiring formal escalation to the Board from this meeting.
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Ritchie Johnson

Non-Executive Board Member, Chair of the Financial Recovery Board, 3rd September 2026