Board Meeting
13/08/26
Open Session
Item 7.4

Financial Recovery Board Report to NHS Grampian Board

Purpose of Report

This paper provides an update on the issues considered at the Financial Recovery Board (FRB) meeting on 2nd July 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 financial position at Month 2; progress against the 2026/27 Value & Sustainability (V&S) Programme; the need to develop longer-term transformational approaches to financial sustainability; progress within the North East Transformation Group; Scottish Government correspondence; and the future role of the FRB. The meeting emphasised the importance of maintaining financial discipline, delivering planned savings, and developing sustainable system-wide approaches to support longer-term financial balance.

Financial Monitoring and Value & Sustainability (V&S) Programme

- An overspend of £9m was reported for the first two months of 2026/27; however, the year-end position remains forecast to be within the £36m deficit support funding agreed with the Scottish Government.
- The overall position remains subject to continued monitoring, with ongoing delivery of savings and budget management measures required throughout the year.
- Monthly meetings continue with the three IJBs to support joint financial forecasting and monitoring of financial performance.
- At this stage savings of £4.7 million have been achieved which is under the target of £5.4 million. While there is under-delivery identified in relation to some schemes there is confidence that the £40m savings required for 2026/27 will be delivered. The next meeting of the Value and Sustainability Programme Board will focus on savings and Executive Leads will be asked to provide assurance on how schemes will be delivered and what mitigating actions they are putting in place for those that are falling behind.
- Governance arrangements for the programme have been strengthened, with increased focus on scheme ownership, delivery assurance, risk management and support arrangements.
- Invest-to-save proposals have been submitted to the Scottish Government and, if approved, may support additional savings opportunities during the year.
- Enhanced programme documentation, monthly reporting and Quality Impact Assessment (QIA) processes have been introduced to strengthen oversight and ensure all schemes are monitored consistently.
- Early planning for the 2027/28 savings programme is underway, with proposals expected to be considered by PAFIC and Board later in the year.

Transformation and Financial Sustainability

- The FRB discussed opportunities to complement existing savings measures through longer-term service improvement and transformation activity.
- Members noted the importance of staff engagement, effective communication and organisational culture in supporting successful transformation.
- It was recognised that transformation requires realistic timescales, sufficient organisational capacity and appropriate support for teams leading change.
- Any future opportunities should be subject to whole-system assessment and consideration of quality, safety and wider organisational impacts.
- The importance of aligning transformational activity with prevention and longer-term population health objectives was highlighted.

North East System Transformation Group (NESTG)

- The FRB received an update on progress within the North East System Transformation Group and the establishment of programme management capacity to support delivery.
- A review workshop is scheduled for July 2026 to consider the findings and recommendations arising from the diagnostic review currently underway.
- The Group continues to develop opportunities for collaborative improvement with NHS, IJB and Local Authority partners.

Scottish Government Correspondence

- The FRB noted the planning and reporting requirements associated with this funding, together with the importance of ensuring resources are utilised for their intended purpose.
- The importance of balancing delivery expectations with staff wellbeing considerations was recognised.

Finance Recovery Board Review

- Feedback from the recent review indicated that the FRB continues to provide a useful forum for financial oversight, assurance and recovery activity.
- It was agreed that the FRB should continue through to at least the end of Quarter 3 of 2026/27, with ongoing review of agenda content to ensure it remains relevant and focused on key priorities.

AOCB

- The FRB noted the direction received from Moray Integration Joint Board

Escalation to the Board

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

Ritchie Johnson, Chair of the Financial Recovery Board