

Purpose of Report

This paper provides an update on the issues considered at the Financial Recovery Board (FRB) meeting on 5th February 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 Month 9 financial monitoring update; the development of the 2026/27 Financial Plan; progress within the Value & Sustainability (V&S) Programme; and the overview of NHS Grampian's procurement activity. The FRB also considered the Scottish Government's 2026/27 Budget Letter and reviewed the forward work plan, including upcoming deep-dive sessions. The meeting emphasised the importance of maintaining financial grip, progressing risk-assessed savings for 2026/27, and strengthening operational alignment, particularly within Acute services as NHS Grampian continues preparations for the next financial year.

Finance Monitoring – Month 9 Update

- Month 9 confirms NHSG remains on track to stay within the £45m maximum overspend for 2025/26.
- Winter pressures in December–January increased demand, but strengthened financial grip continues to mitigate associated cost growth; final out-turn figures pending.
- Scottish Government reallocation of underspent national funds resulted in £4m additional resource, supporting independent-sector activity to reduce waiting lists.
- Overall reporting provides assurance that financial control will be maintained; focus now required on building financial capacity for 2026/27.

Financial Plan 2026/27

- Scottish Government provided positive early feedback, particularly on the strengthened risk-rating methodology applied to savings.
- Sub-national financial planning continues across the East Region.
- FRB stressed the need to ensure regional work supports local recovery priorities.
- Significant variation remains in IJB forward-planning maturity; NHSG must have a full system view before confirming budgets.

NHSG Procurement

- Comprehensive update provided on procurement activity supporting financial sustainability across clinical and operational functions.
- Strengthened non-pay spend control in progress, including improved requisition processes and catalogue standardisation.

- Early clinical engagement supporting standardisation and reduction of non-essential items.
 - Centralised invoice register introduced to improve oversight and identify anomalies.
 - Supplier performance monitoring continues, supporting value for money and contract consistency.
 - Procurement changes forecast to deliver £2.8m savings in 2026/27.
 - FRB acknowledged procurement's strong contribution to 2025/26 savings and encouraged wider sharing of good practice across senior leaders.
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Value & Sustainability (V&S) Programme Update – 2025/26 and 2026/27

- Programme remains on track to deliver £61.8m savings for 2025/26.
 - For 2026/27, £23.9m risk-assessed savings identified to date; potential to increase to ~£30m with further scoping.
 - A further £10m still required to reach the £40m target, meaning some transformational or difficult decisions may be necessary. Quality Impact Assessment Panel meetings planned to ensure savings proposals maintain quality and safety. FRB requested continued visibility of higher-risk schemes.
 - Medical workforce cost control remains a key priority, including reducing agency spend and ensuring budget-compliant rota patterns.
 - Ongoing focus on reducing boarding, corridor care and supplementary staffing to improve both patient experience and cost efficiency.
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Formal Communications

The FRB noted the Scottish Government's 2026/27 Budget Letter, which will inform planning assumptions as further national guidance is issued.

Forward Work Plan

The FRB agreed that, given current pressures in Acute services, the Chief Officer – Acute should attend the next meeting to support the scheduled deep dive.

Escalation to the Board

No items required formal escalation. The FRB agreed to continue meeting through June 2026 to provide ongoing assurance.

Ritchie Johnson

Non-executive Board member

Chair of Finance Recovery Board

05.02.2026