

Agenda Item	8a
Report No	JMC-04-26

The Highland Council / NHS Highland

Committee: Joint Monitoring Committee

Date: 12 March 2026

Report Title: Highland Health & Social Care Partnership Finance Report – Month 9 2025/2026

Report By: Heledd Cooper, Director of Finance, NHS Highland

1 Purpose/Executive Summary

1.1 This paper provides detail of the Highland Health and Social Care Partnership financial position at the end of the Month 9 2025/2026 (December).

2 Recommendations

2.1 Members are asked to:

- i. Note the financial position at Month 9 2025/2026 (December 2025).

3 Implications

3.1 **Resource** – there are financial resource implications associated with this paper

3.2 **Legal** – there are no legal implications associated with this paper

3.3 **Risk** – Ongoing financial/ funding issues for NHS Highland are recorded in the Board's risk register

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – N/A

3.5 **Gaelic** – no associated implications

4 Impacts

4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.

4.3 This is a update report and therefore an impact assessment is not required.

5 NHS Highland Financial Plan

5.1 NHS Highland submitted a financial plan to Scottish Government for the 2025/2026 financial year in March 2025. This plan presented an initial budget gap of £115.596m. When cost reductions/ improvements were factored in the net position was a gap of £55.723m. The Board received feedback on the draft Financial Plan which requested submission of a revised plan with a net deficit of no more that £40m. A revised plan was submitted in line with this request in June 2025 and this revised plan has been accepted by Scottish Government.

The Board continues to be escalated at level 3 within the NHS Scotland Escalation Framework. Work continues internally and with the support of SG to improve the financial position by identifying opportunities and implementing new ways of working which will support a move to financial balance.

6 Month 9 Position

6.1 At the end of December 2025 (Month 9) an overspend of £45.246m is reported with this forecast to increase to £50.043m by the end of the financial year. The forecast position has moved from the previously reported position of £40.0m (in line with the financial support available from Scottish Government to enable a break-even position). The main factor for the movement is the release of the forecast ASC position of £25.792m into the full NHS Highland position. An additional non-recurrent allocation of £10m has been agreed by Scottish Government to mitigate a portion of the movement. This would result in a reported deficit of £10m in the NHS Highland accounts if no further mitigations/ funding is identified.

Within the Highland Health & Social Care Partnership a year to date overspend of £25.675m is reported with this forecast to increase to £29.649m by the end of the financial year. This forecast overspend includes £25.792m relating to ASC which is fully reflected in the NHS Highland position.

Designation: Director of Finance, NHS Highland

Date: 27 February 2025

Author: Elaine Ward, Deputy Director of Finance, NHS Highland

Background Papers: N/A

Appendices: Appendix 1 – Month 9 Finance Report JMC

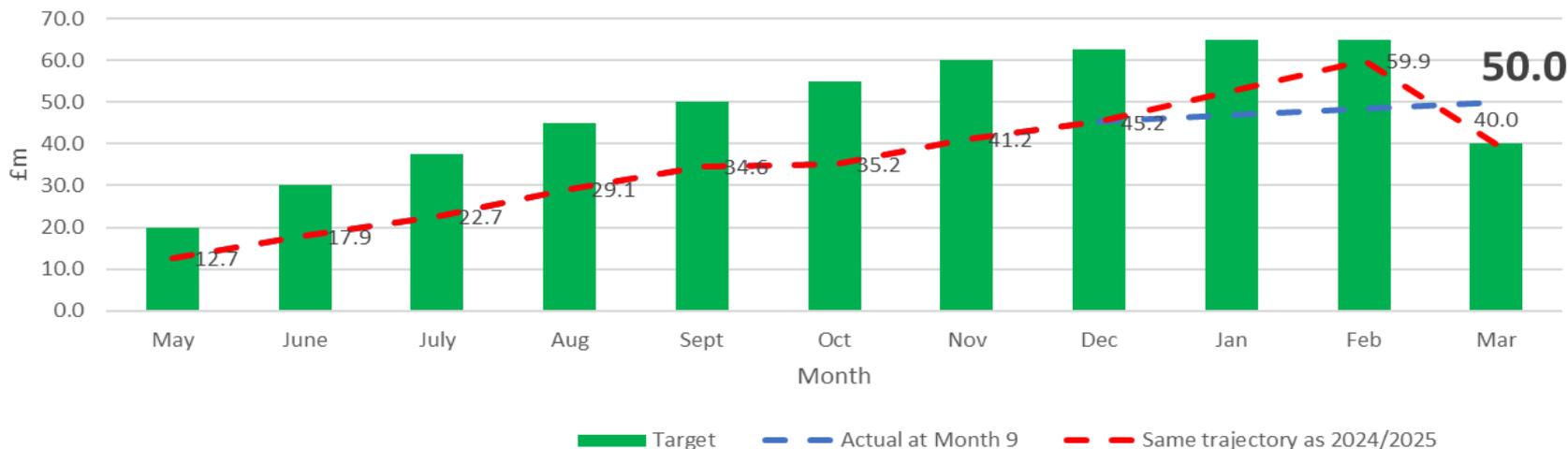
Finance Report –Month 9 (December) 2025/2026

JMC 12 March 2026

MONTH 9 2025/2026 – DECEMBER 2025



Actual v Planned Financial Performance



Target	YTD £m	YE Position £m
Delivery against Revenue Resource Limit (RRL) DEFICIT/SURPLUS	41.2	50.0
Deliver against plan DEFICIT/SURPLUS	17.3	10.0

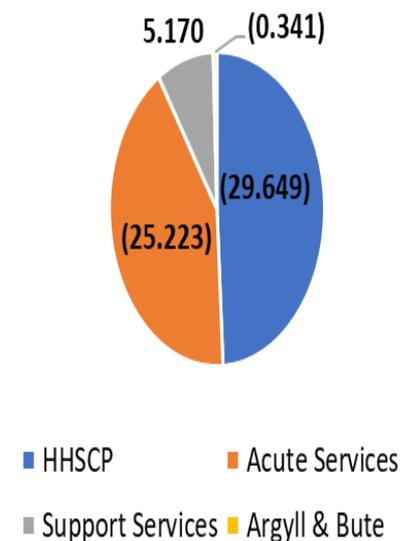
- No brokerage available in 2025/2026
- SG requested plan with a deficit no greater than £40m
- SG have previously confirmed that an allocation of £40m (non-repayable) will be made to cover the planned overspend
- Current forecast is £50m worse than RRL and £10m than requested by SG
- SG have agreed to provide a further £10m to support the Board position and this is reflected within the forecast

MONTH 9 2025/2026 – DECEMBER 2025



Current Plan £m	Summary Funding & Expenditure	Plan To Date £m	Actual To Date £m	Variance To Date £m	Forecast Outturn £m	Forecast Variance £m
1,345.736	Total Funding	968.885	968.885	-	1,345.736	-
	Expenditure					
509.463	HHSCP	379.414	405.089	(25.675)	539.112	(29.649)
344.177	Acute Services	256.291	275.431	(19.140)	369.400	(25.223)
185.231	Support Services	115.919	116.231	(0.312)	180.061	5.170
1,038.871	Sub Total	751.624	796.751	(45.127)	1,088.573	(49.702)
306.866	Argyll & Bute	217.262	217.381	(0.119)	307.207	(0.341)
1,345.736	Total Expenditure	968.885	1,014.132	(45.246)	1,395.780	(50.043)

Forecast Deficit by Operational Area



MONTH 9 2025/2026 SUMMARY

- Year to date overspend of £45.246m reported.
- Year end position of £50.043m overspend forecast
- This forecast includes a further £10m of funding from SG to support the Board position.
- No longer assuming ASC will breakeven in the financial year – full ASC overspend included within position
- Mitigating actions, previously reported will close the gap between planned V&E deliverables and the current delivery forecast
- V&E slippage is now reported within operational areas with adjustment on the central forecast to bring in mitigating actions



KEY RISKS/ ISSUES

- ASC – no plan agreed to support delivery of a breakeven position
- Delivery of the Value & Efficiency Cost Reduction/Improvement programme
- SLA with NHS Greater Glasgow & Clyde
- Supplementary staffing – ongoing reliance due to system pressures and recruitment challenges
- ASC pressures – suppliers continuing to face sustainability challenges, NI impact on independent sector providers
- Potential impact associated with the cost of new drugs
- Financial impact of fragile services
- SLA Uplift
- Allocations less than anticipated



MITIGATIONS

- Ongoing robust governance structures around agency nursing utilisation
- Sustainability funding received from SG
- Funding anticipated from Highland Council in respect of NI rate increase – amount to be agreed
- SG have confirmed a £40m allocation will be available to enable delivery of a breakeven position at year end – based on delivery of a position in line with the financial plan
- An assessment of the overall position including slippage on the VEAG programme has identified balance sheet adjustments which will cover VEAG scheme slippage
- SG will provide £10.0m of additional support to reduce the forecast year end position – this is reflected in the month 9 position

MONTH 9 2025/2026 – DECEMBER 2025



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	HHSCP					
298.193	NH Communities	222.518	233.869	(11.351)	313.767	(15.575)
62.441	Mental Health Services	46.933	47.720	(0.787)	63.190	(0.749)
170.293	Primary Care	128.123	128.851	(0.728)	171.191	(0.898)
(21.464)	ASC Other includes ASC Income	(18.161)	(5.351)	(12.810)	(9.036)	(12.428)
509.463	Total HHSCP	379.414	405.089	(25.675)	539.112	(29.649)
	HHSCP					
324.303	Health	242.203	245.761	(3.557)	328.160	(3.857)
185.160	Social Care	137.210	159.328	(22.118)	210.953	(25.792)
509.463	Total HHSCP	379.414	405.089	(25.675)	539.112	(29.649)

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	341	3,635
Agency (Nursing)	232	1,974
Bank	925	8,188
Agency (Non Med)	164	2,019
Total	1,662	15,817

HHSCP

- YTD overspend of £25.675m reported with this forecast to increase to £29.649m by the end of the financial year
- ASC overspend forecast at £25.792m – reflects known pressures & slippage on original V&E plan
- Drugs/ prescribing pressure forecast at £0.259m
- Locum costs of £1.038m contributing to overspend within Primary Care
- Supplementary staffing costs of £15.817m incurred to date
- High cost out of area placements continue to impact on the Mental Health position

MONTH 9 2025/2026 – DECEMBER 2025

NORTH HIGHLAND COMMUNITIES



Current Plan £000	Detail	Plan to Date £000	Actual to Date £000	Variance to Date £000	Forecast Outturn £000	Var from Curr Plan £000
84.095	Inverness & Nairn	63.241	67.647	(4.406)	90.570	(6.475)
62.134	Ross-shire & B&S	46.505	50.043	(3.538)	66.919	(4.785)
52.803	Caithness & Sutherland	39.667	40.238	(0.571)	53.621	(0.819)
63.238	Lochaber, SL & WR	47.399	48.524	(1.125)	64.917	(1.678)
18.044	Management	12.478	14.877	(2.400)	20.348	(2.304)
8.411	Community Other AHP	6.305	5.641	0.665	7.554	0.856
9.469	Hosted Services	6.924	6.899	0.025	9.839	(0.370)
298.193	Total NH Communities	222.518	233.869	(11.351)	313.767	(15.575)
106.320	Health	78.514	78.862	(0.349)	106.730	(0.410)
191.872	ASC	144.005	155.007	(11.002)	207.037	(15.165)

NORTH HIGHLAND COMMUNITIES

- YTD overspend of £11.351m reported with this forecast to increase to £15.575m by the end of the financial year
- Elements of unfunded services with ECS, Chronic Pain and Sexual Health continue to impact on position
- The high level of supplementary staffing spend is being mitigated by vacancies in all areas of the service
- Non-pay is forecasting a pressure of £2.714m by financial year end – this includes elements of the vaccination service and overspends within the equipment store due to increased demand and inflationary pressures in drugs and surgical supplies are also contributing to the overspend position

MONTH 9 2025/2026 – DECEMBER 2025

MENTAL HEALTH SERVICES



Current Plan £m's	Summary Funding & Expenditure	Plan to Date £m's	Actual to Date £m's	Variance to Date £m's	Forecast Outturn £m's	Var from Curr Plan £m's
	Mental Health Services					
47.562	Adult Mental Health	35.990	36.253	(0.263)	48.309	(0.747)
9.788	CMHT	7.310	7.233	0.077	9.643	0.145
1.829	LD	1.372	1.987	(0.615)	2.224	(0.395)
3.263	D&A	2.261	2.247	0.014	3.014	0.249
62.442	Total Mental Health Services	46.933	47.720	(0.787)	63.190	(0.749)

47.689	Health	35.566	38.047	(2.481)	50.238	(2.549)
14.752	ASC	11.367	9.673	1.694	12.953	1.800

MENTAL HEALTH SERVICES

- YTD overspend of £0.787m reported with this forecast to reduce to an overspend of £0.749m by the end of the financial year
- Supplementary staffing costs due to increased acuity of patients and vacancies is the main driver – however, work continues to bring down the level of overall supplementary staffing spend and it is in part mitigated by the level of vacancies within the service
- Recruitment challenges are driving up locum costs within psychiatry but the overall level of vacancies is masking the full cost of supplementary staffing
- Out of area placements continue to be a significant driver to the overspend position - £1.835m

MONTH 9 2025/2026 – DECEMBER 2025

PRIMARY CARE



Current Plan £m's	Detail	Plan to Date £m's	Actual to Date £m's	Variance to Date £m's	Forecast Outturn £m's	Var from Curr Plan £m's
	Primary Care					
65.089	GMS	48.654	49.848	(1.195)	66.515	(1.426)
70.463	GPS	52.880	52.815	0.065	69.866	0.596
26.131	GDS	20.025	18.658	1.367	24.555	1.575
6.378	GOS	4.777	4.796	(0.018)	6.411	(0.033)
2.233	PC Management	1.788	2.734	(0.947)	3.844	(1.611)
170.293	Total Primary Care	128.123	128.851	(0.728)	171.191	(0.898)

PRIMARY CARE

- YTD overspend of £0.728m reported with this forecast to increase to £0.898m by the end of the financial year
- Ongoing vacancies in PC management and GDS continue to mitigate pressures in GMS and GPS
- The pressure associated with locum usage within the Board's 2C practices is forecast at £1.001m by the end of the financial year

MONTH 9 2025/2026 – ADULT SOCIAL CARE



Services Category	Annual Budget £000's	YTD Budget £000's	YTD Actual £000's	YTD Variance £000's	Outturn £000's	YE Variance £000's
Total Older People - Residential/Non Residential Care	64.995	48.422	51.744	(3.322)	69.263	(4.268)
Total Older People - Care at Home	40.188	30.205	34.231	(4.026)	45.523	(5.335)
Total People with a Learning Disability	53.448	40.242	43.015	(2.773)	57.856	(4.409)
Total People with a Mental Illness	11.343	8.821	7.259	1.562	9.612	1.731
Total People with a Physical Disability	10.267	7.736	8.461	(0.725)	11.147	(0.880)
Total Other Community Care	13.735	10.302	9.273	1.028	12.478	1.257
Total Support Services	(8.816)	(8.517)	4.949	(13.467)	4.471	(13.287)
Care Home Support/Sustainability Payments	-	-	0.394	(0.394)	0.603	(0.603)
Total Adult Social Care Services	185.160	137.210	159.328	(22.118)	210.953	(25.792)

ADULT SOCIAL CARE

- YTD an overspend of £22.118m is reported with this forecast to increase to £25.792m by the end of the financial
- Assuming £2.645m of VEAG achieved
- No agreement has been reached on covering the ASC overspend in this financial year.
- £3.918m of supplementary staffing costs within in-house care homes are included within the year to date position

MONTH 9 2025/2026 – ADULT SOCIAL CARE



NSSH Care Homes Supplementary Staffing

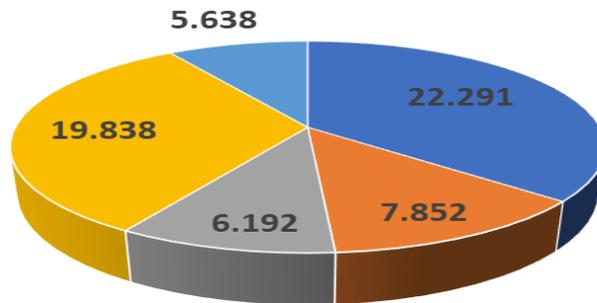
Care Home	Month 9		Total YTD £000's
	Agency £000's	Bank £000's	
Ach an Eas	3	35	300
An Acarsaid	8	6	161
Bayview House	3	15	210
Grant House	15	29	238
Home Farm	71	13	590
Invernevis	11	14	260
Lochbroom	-	11	156
Mackintosh Centre	-	-	17
Mains House	19	2	380
Moss Park	43	8	715
Melvich	-	2	55
Pulteney	-	26	250
Seaforth	-	26	219
Strathburn	-	3	9
Telford	10	16	174
Wade Centre	-	20	183
Total	182	226	3,918

- Highest spend continues to be within those Care Homes that have come under NHS Highland operational delivery since 2020
- Spend in Month 9 is £0.038m lower than in Month 8

MONTH 9 2025/2026 – DECEMBER 2025



Cost Reduction/ Improvement Target £m



■ NH Value & Efficiency
 ■ A&B Value & Efficiency
 ■ ASC Value & Efficiency
■ ASC Transformation
 ■ Other Action

COST REDUCTON/ IMPROVEMENT

- NHS Highland submitted a financial plan to Scottish Government in March 2025 detailing a cost reduction/improvement programme of £54.235m
- Whilst a further submission was made in June with a revised net financial gap of £40.005m the savings programme within the March submission remained unchanged

Area of Cost Reduction/ Improvement	Target £000s
NH Value & Efficiency	22.291
A&B Value & Efficiency	7.852
ASC Value & Efficiency	6.192
ASC Transformation	19.838
Other Action	5.638
Follow up actions post March Fin Plan Submission	10.180
Total Cost Reduction/ Improvement Target	71.991

MONTH 9 2025/2026 – VALUE & EFFICIENCY



In the 2025–26 financial year, savings are reported on a risk-adjusted basis. This approach factors in the probability of risks impacting the achievement of the financial plan. The framework categorises risks into five types: Idea, Opportunity, Plans in Progress, Fully Developed, and Moved to Delivery.

2025-26 Value & Efficiency Plan (£'000)

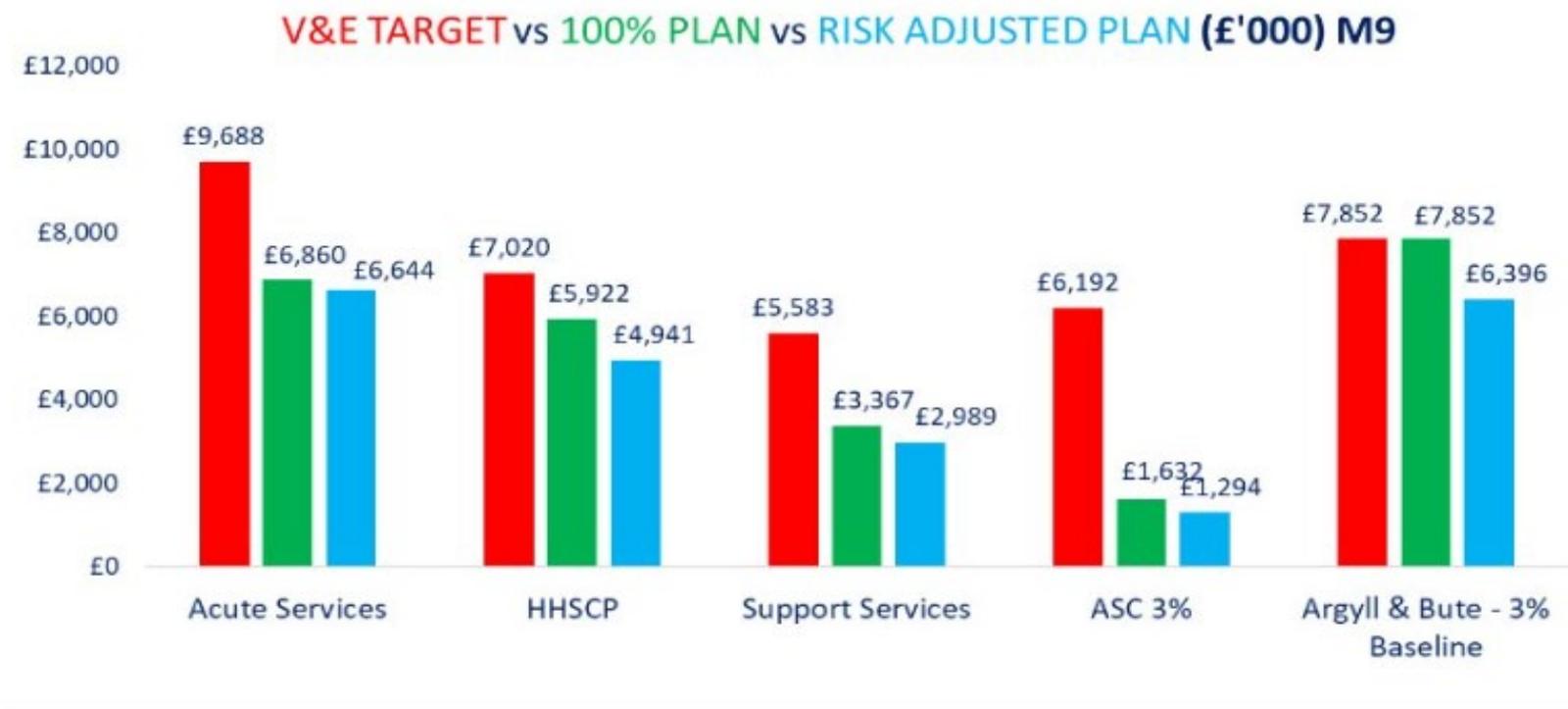
Reduction Programmes - Area	100%			Risk Adjusted Forecast (RAF)			Savings Achieved				
	Allocated Target	Current Plan	Plan GAP	Allocated Target	Risk Adjusted Forecast (RAF)	Risk Adjusted Plan GAP	Allocated Target	Budget Savings Achieved	Cost Reductions Achieved	Total Savings Achieved	Current Savings GAP
Value & Efficiency - North Highland	22,291	16,148	-6,142	22,291	14,575	-7,716	22,291	5,707	4,889	10,596	-11,694
Value & Efficiency - Argyll & Bute	7,852	7,852	0	7,852	6,396	-1,456	7,852	5,259	0	5,259	-2,593
Total Value & Efficiency	30,143	24,000	-6,142	30,143	20,971	-9,172	30,143	10,966	4,889	15,856	-14,287
Value & Efficiency - ASC	6,192	1,632	-4,560	6,192	1,294	-4,898	6,192	0	957	957	-5,235
Total Value & Efficiency incl ASC	36,335	25,632	-10,702	36,335	22,265	-14,070	36,335	10,966	5,846	16,812	-19,522

The financial plan submitted to the Scottish Government includes a target of achieving 3% efficiency savings across both North Highland and Argyll & Bute.

This equates to a total Value & Efficiency savings goal of **£36.335m** for the FY 2025–26

There is currently a shortfall of **£10.702m (9.531m in M8)** between the 2025–26 savings target and current delivery plan at its 100% value.

MONTH 9 2025/2026 – VALUE & EFFICIENCY – TARGET, PLAN & RISK ADJUSTED PLAN BY AREA



100% Plan

- Negative movement: Acute Services, HHSCP, Supp Services
- Stable: Argyll & Bute
- V&E Targets remain constant

Risk Adjusted Plan

- Positive movement: Acute Services, HHSCP, A&B
- Negative movement: Supp Services, ASC

MONTH 9 2025/2026 – DECEMBER 2025

SUPPLEMENTARY STAFFING



	2025/2026		2024/2025		Inc/ (Dec)	
	YTD	£'000	YTD	£'000	YTD	£'000
HHSCP		15,737		15,578		159

Current Plan	Detail	Plan to Date	Actual to Date	Variance to Date
£m		£m	£m	£m
	Pay			
29.178	Medical & Dental	21.813	21.202	0.611
4.678	Medical & Dental Support	3.508	3.475	0.033
75.706	Nursing & Midwifery	56.582	56.971	(0.389)
18.629	Allied Health Professionals	13.867	13.019	0.849
0.034	Healthcare Sciences	0.025	0.000	0.025
11.981	Other Therapeutic	9.252	8.380	0.872
7.739	Support Services	5.804	5.588	0.216
25.684	Admin & Clerical	19.016	17.877	1.138
0.403	Senior Managers	0.302	0.141	0.161
61.423	Social Care	46.035	41.409	4.626
0.435	Ambulance Services	0.327	0.220	0.107
(2.854)	Vacancy factor/pay savings	(2.163)	0.000	(2.163)
233.035	Total Pay	174.369	168.284	6.085

SUPPLEMENTARY STAFFING

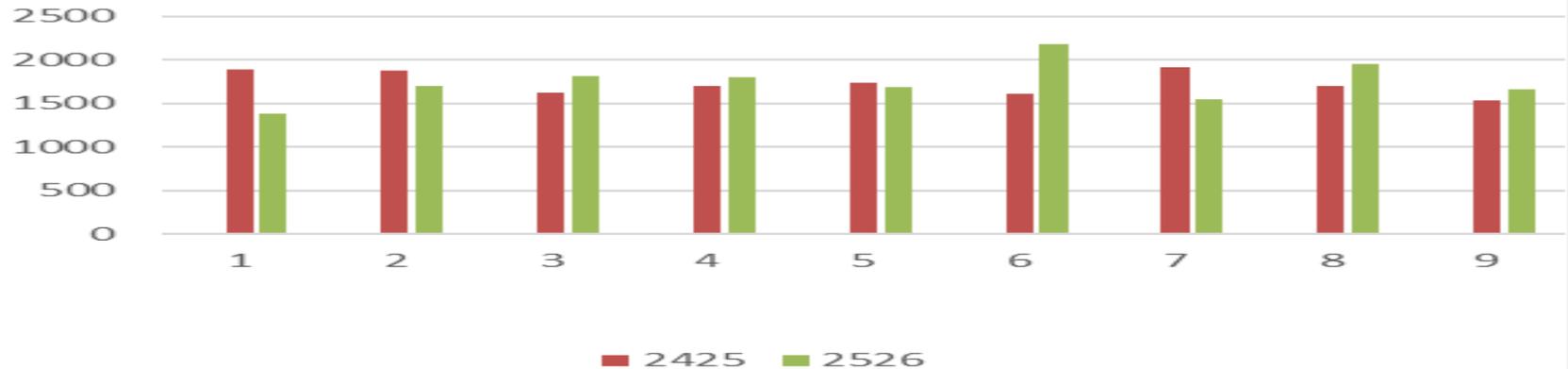
- Recorded spend at end of Month 9 is £0.159 lower than at same point in 2024/2025
- Pay underspend of £6.085m reported at the end of month 9

MONTH 9 2025/2026 – DECEMBER 2025

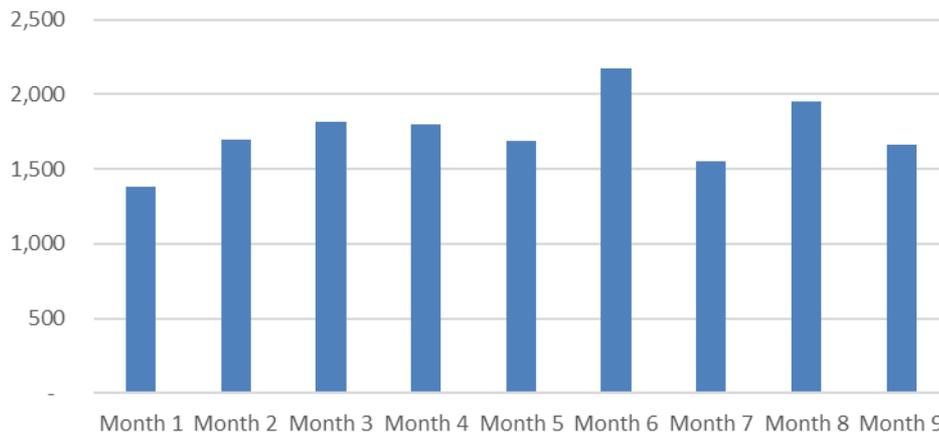
SUPPLEMENTARY STAFFING



HHSCP - SUPPLEMENTARY STAFFING - MONTHLY RUN RATE



HHSCP - TOTAL SUPPLEMENTARY SPEND 2025/2026



- Month 9 spend is £0.293m lower than Month 8