

Agenda Item	<b>6</b>
Report No	<b>JMC-08-26</b>

# The Highland Council / NHS Highland

**Committee:** Joint Monitoring Committee

**Date:** 11 June 2026

**Report Title:** Highland Health & Social Care Partnership Finance Report – Month 12 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 12 2025/2026 (March 2026). The financial position reported is still subject to final amendments and audit scrutiny

## 2 Recommendations

2.1 Members are asked to:

i. **Note** the financial position at Month 12 2025/2026 (March 2026).

## 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** – N/A

## 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 monitoring and/or 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 than £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 12 Position**

- 6.1 At the end of March 2026 (Month 12) a year end underspend of £0.147m is reported. This position includes an overspend of £21.844m within ASC. Delivery of this position has been supported by deficit support funding received from Scottish Government, a contribution to the ASC position from the Highland Council and system pressure funding from SG.

Within the Highland Health & Social Care Partnership a full year overspend of £23.910m This forecast overspend includes £21.844m relating to ASC – this reflects a £5.000m contribution from The Highland Council to support the position.

## **7 2026/2027 Budget**

- 7.1 NHS Highland submitted the final 3-year finance plan on 16 March which detailed the funding assumptions, growth, national programmes and cost reduction options for 2026/2027.

Given the scale of the financial challenge facing NHS Highland, the Board implemented a strategic planning and decision-making framework in order to plan for and deliver the short, medium and long term changes required to support a route to financial and service sustainability which continues to be adopted into 2026/2027.

The cost improvement programme has been developed around the above framework and is summarised below:

Value and Efficiency:

The Board has continued with its Value and Efficiency programme which has an overall target of delivering 3% financial reductions in line with Scottish Government requirements. A series of workstreams were identified in 2025/26 which have been

refreshed for 2026/27 that will contribute to achieving financial efficiency for NHS Highland whilst maintaining the delivery of safe high-quality, person-centred care.

These areas have been included as areas where we can deliver the same service but either at a cheaper price (through procurement, fixed rates) or more efficient processes, (improved fleet utilisation, use of technology etc).

7.2 **Financial flexibility** - There is a level of non-recurrent benefit each year, arising from slippage against allocations or balance sheet movements. While non-recurring by nature, these can be estimated using historic trends and have been reflected in the plan.

7.3 **Adult Social Care** - Due to the lead agency arrangement in place the costs of delivering services and the associated income from Highland Council are reflected in this financial plan submission.

The estimated gap between costs and available funding is £27.922m.

To reduce this gap, an internal savings target of 3% (£6.581m) has been applied and will be progressed through the ASC savings plan with an initial focus on cost containment and control.

Designation: Director of Finance, NHS Highland

Date: 26 May 2026

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

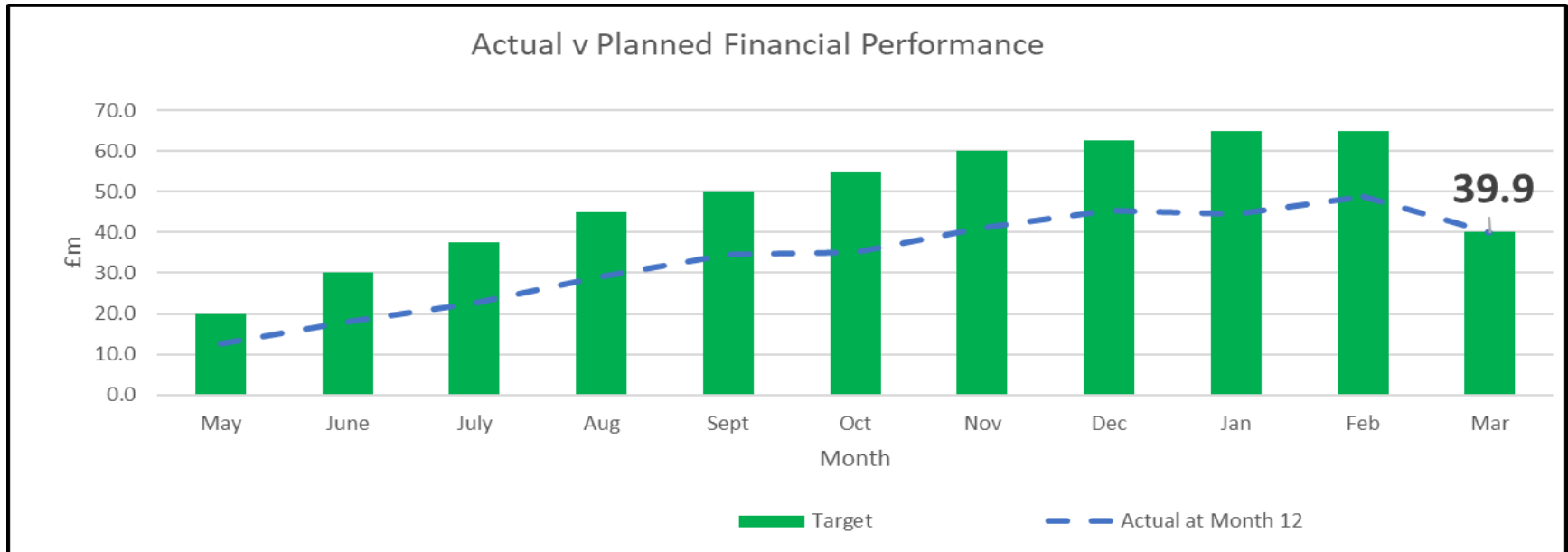
Background Papers: N/A

Appendices: Appendix 1 – Month 12 Finance Report JMC

Finance Report –Month 12 (March) 2025/2026  
(Subject to final amendments and Audit)  
JMC 11 June 2026

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# MONTH 12 2025/2026 – MARCH 2026



Target	YE Position £m
Delivery against Revenue Resource Limit (RRL) DEFICIT/SURPLUS	39.9
Deliver against plan DEFICIT/SURPLUS	0.1

- 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
- Draft year end position is £39.9m worse than RRL and £0.1m less than the target set by SG
- SG have provided a further £10m to support the Board position and this is reflected within the position

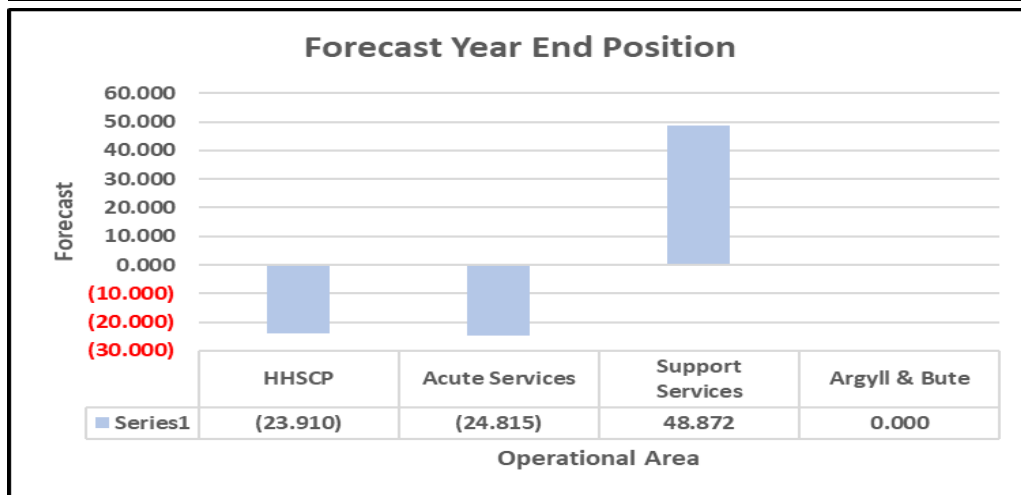
# MONTH 12 2025/2026 – MARCH 2026



Current Plan £m	Summary Funding & Expenditure	Plan To Date £m	Actual To Date £m	Variance To Date £m
1,407.749	<b>Total Funding</b>	1,407.749	1,407.749	-
	<b>Expenditure</b>			
515.106	HHSCP	515.106	539.015	(23.910)
348.158	Acute Services	348.158	372.974	(24.815)
248.787	Support Services	248.787	199.915	48.872
<b>1,112.051</b>	<b>Sub Total</b>	<b>1,112.051</b>	<b>1,111.904</b>	<b>0.147</b>
295.698	Argyll & Bute	295.698	295.698	0.000
<b>1,407.749</b>	<b>Total Expenditure</b>	<b>1,407.749</b>	<b>1,407.602</b>	<b>0.147</b>

## MONTH 12 2025/2026 SUMMARY

- Year to date underspend of £0.147m reported.
- This position includes a further £10m of funding from SG to support the Board position & £5m contribution from Highland Council to support the ASC position.
- Mitigating actions, previously reported have supported the gap between planned V&E deliverables and the current delivery forecast



# MONTH 12 2025/2026 – MARCH 2026



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	<b>HHSCP</b>			
301.067	NH Communities	301.067	315.099	(14.032)
62.738	Mental Health Services	62.738	64.961	(2.223)
171.093	Primary Care	171.093	171.618	(0.525)
(19.792)	ASC Other includes ASC Income	(19.792)	(12.662)	(7.130)
<b>515.106</b>	<b>Total HHSCP</b>	<b>515.106</b>	<b>539.015</b>	<b>(23.910)</b>
	<b>HHSCP</b>			
328.169	Health	328.169	330.235	(2.066)
186.936	Social Care	186.936	208.780	(21.844)
<b>515.106</b>	<b>Total HHSCP</b>	<b>515.106</b>	<b>539.015</b>	<b>(23.910)</b>

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	288	4,762
Agency (Nursing)	262	3,154
Bank	883	10,976
Agency (Non Med)	223	2,699
<b>Total</b>	<b>1,656</b>	<b>21,592</b>

## HHSCP

- Full year overspend of £23.910m reported
- ASC overspend at £21.844m – reflects known pressures, slippage on original V&E plan, additional NI funding confirmed from Highland Council and £5.000m contribution from Highland Council to support the ASC position
- Locum costs of £1.007m contributing to overspend within Primary Care
- Supplementary staffing costs of £21.592m incurred during the year
- High cost out of area placements have impacted on the Mental Health position

# MONTH 12 2025/2026 – MARCH 2025

## NORTH HIGHLAND COMMUNITIES



Detail	Plan to Date £000	Actual to Date £000	Variance to Date £000
Inverness & Nairn	84,170	91,723	(7,553)
Ross-shire & B&S	62,258	67,007	(4,748)
Caithness & Sutherland	53,057	54,036	(980)
Lochaber, SL & WR	63,284	64,925	(1,641)
Management	19,700	19,645	55
Community Other AHP	8,451	7,521	930
Hosted Services	10,147	10,241	(95)
<b>Total NH Communities</b>	<b>301,067</b>	<b>315,099</b>	<b>(14,032)</b>

<b>Health</b>	<b>109,103</b>	<b>106,685</b>	<b>2,418</b>
<b>ASC</b>	<b>191,964</b>	<b>208,414</b>	<b>(16,450)</b>

### NORTH HIGHLAND COMMUNITIES

- Full year overspend of £14.032m reported at the end of the financial year
- Unfunded posts and services within ECS, Chronic Pain and Sexual Health have been drivers for this position
- A high level of supplementary staffing spend is being mitigated by vacancies in all areas of the service
- An overspend of £0.249m within the equipment store and a £0.196m pressure relating to SLAs has also contributed to the position.

# MONTH 12 2025/2026 – MARCH 2026

## MENTAL HEALTH SERVICES



Detail	Plan to Date £000	Actual to Date £000	Variance to Date £000
<b>Mental Health Services</b>			
Complex Care	47,635	49,410	(1,775)
Medical & Specialist Hlth Prof	9,902	9,651	251
Business Enabling Services	1,894	2,787	(893)
Psychological Therapies	3,306	3,113	194
<b>Total Mental Health Services</b>	<b>62,738</b>	<b>64,961</b>	<b>(2,223)</b>

<b>Health</b>	<b>47,973</b>	<b>51,932</b>	<b>(3,959)</b>
<b>ASC</b>	<b>14,765</b>	<b>13,028</b>	<b>1,737</b>

### MENTAL HEALTH SERVICES

- Full year overspend of £2.223m reported at the end of March 2026
- Supplementary staffing costs due to increased acuity of patients and vacancies is the main driver – although this has reduced from the 2024/2025 financial year
- Recruitment challenges have driven up locum costs within psychiatry but the overall level of vacancies has masked the full cost of supplementary staffing
- Out of area placements continue to be a significant driver to the overspend position - £1.688m

# MONTH 12 2025/2026 – MARCH 2026

## PRIMARY CARE



Detail	Plan to Date £000	Actual to Date £000	Variance to Date £000
<b>Primary Care</b>			
GMS	65,793	66,752	(959)
GPS	70,421	69,747	674
GDS	26,519	24,805	1,714
GOS	6,435	6,460	(25)
PC Management	1,925	3,854	(1,929)
<b>Total Primary Care</b>	<b>171,093</b>	<b>171,618</b>	<b>(525)</b>

### PRIMARY CARE

- Full year overspend of £0.525m reported
- GDS continues to experience a high level of vacancies which is driving the underspend position
- The pressure associated with locum usage within the Board's 2C practices contributes has been mitigated by ongoing vacancies within the service
- Enhanced Service payments were £0.497m ahead of budget during the financial year

# MONTH 12 2025/2026 – ADULT SOCIAL CARE



Services Category	Annual Budget £000's	YTD Budget £000's	YTD Actual £000's	YTD Variance £000's
Total Older People - Residential/Non Residential Care	65,063	65,063	69,137	(4,073)
Total Older People - Care at Home	40,217	40,217	45,680	(5,463)
Total People with a Learning Disability	53,455	53,455	58,534	(5,079)
Total People with a Mental Illness	11,372	11,372	9,813	1,559
Total People with a Physical Disability	10,268	10,268	11,184	(916)
Total Other Community Care	14,132	14,132	12,635	1,498
Total Support Services	(7,570)	(7,570)	1,209	(8,779)
Care Home Support/Sustainability Payments	-	-	590	(590)
<b>Total Adult Social Care Services</b>	<b>186,936</b>	<b>186,936</b>	<b>208,780</b>	<b>(21,844)</b>

## ADULT SOCIAL CARE

- An overspend of £21.844mm is reported this reflects a contribution of £5.000m from Highland Council
- The overall impact of the ASC position on the Board position has been mitigated via additional support from Scottish Government
- NI funding received from Highland Council and reflected in the position
- £4.982m of supplementary staffing costs within in-house care homes are included within the position

# MONTH 12 2025/2026 – ADULT SOCIAL CARE



## NHSH Care Homes Supplementary Staffing

Care Home	Month 12		Total YTD £000's
	Agency £000's	Bank £000's	
Ach an Eas	-	29	395
An Acarsaid	0	13	217
Bayview House	15	22	299
Caladh Sona	-	-	1
Dail Mhor House	-	0	0
Grant House	4	3	302
Home Farm	56	12	768
Invernevis	13	15	350
Lochbroom	-	9	194
Mackintosh Centre	-	0	20
Mains House	28	7	508
Moss Park	16	7	692
Melvich	-	4	68
Pulteney	-	29	332
Seaforth	-	24	296
Strathburn	-	6	25
Telford	15	6	272
Wade Centre	-	19	243
<b>Total</b>	<b>147</b>	<b>205</b>	<b>4,982</b>

- Significant spend across a number of care homes – Home Farm, Mains House and Moss Park remain the highest spend areas
- Spend in Month 12 is £0.061m higher than in Month 11

# MONTH 12 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	18,663	-3,628	22,291	18,663	-3,628	22,291	9,163	9,500	18,663	-3,628
Value & Efficiency - Argyll & Bute	7,852	6,365	-1,487	7,852	6,365	-1,487	7,852	6,365	0	6,365	-1,487
<b>Total Value &amp; Efficiency</b>	<b>30,143</b>	<b>25,028</b>	<b>-5,115</b>	<b>30,143</b>	<b>25,028</b>	<b>-5,115</b>	<b>30,143</b>	<b>15,528</b>	<b>9,500</b>	<b>25,028</b>	<b>-5,115</b>
Value & Efficiency - ASC	6,192	2,607	-3,585	6,192	2,607	-3,585	6,192	0	2,607	2,607	-3,585
<b>Total Value &amp; Efficiency incl ASC</b>	<b>36,335</b>	<b>27,635</b>	<b>-8,699</b>	<b>36,335</b>	<b>27,635</b>	<b>-8,699</b>	<b>36,335</b>	<b>15,528</b>	<b>12,108</b>	<b>27,635</b>	<b>-8,699</b>

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

At the end of the financial year there is a shortfall of **£8.699m (£12.019 in M11)** between savings target and savings delivered.

# MONTH 12 2025/2026 – MARCH 2026

## SUPPLEMENTARY STAFFING



Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	288	4,762
Agency (Nursing)	262	3,154
Bank	883	10,976
Agency (Non Med)	223	2,699
<b>Total</b>	<b>1,656</b>	<b>21,592</b>

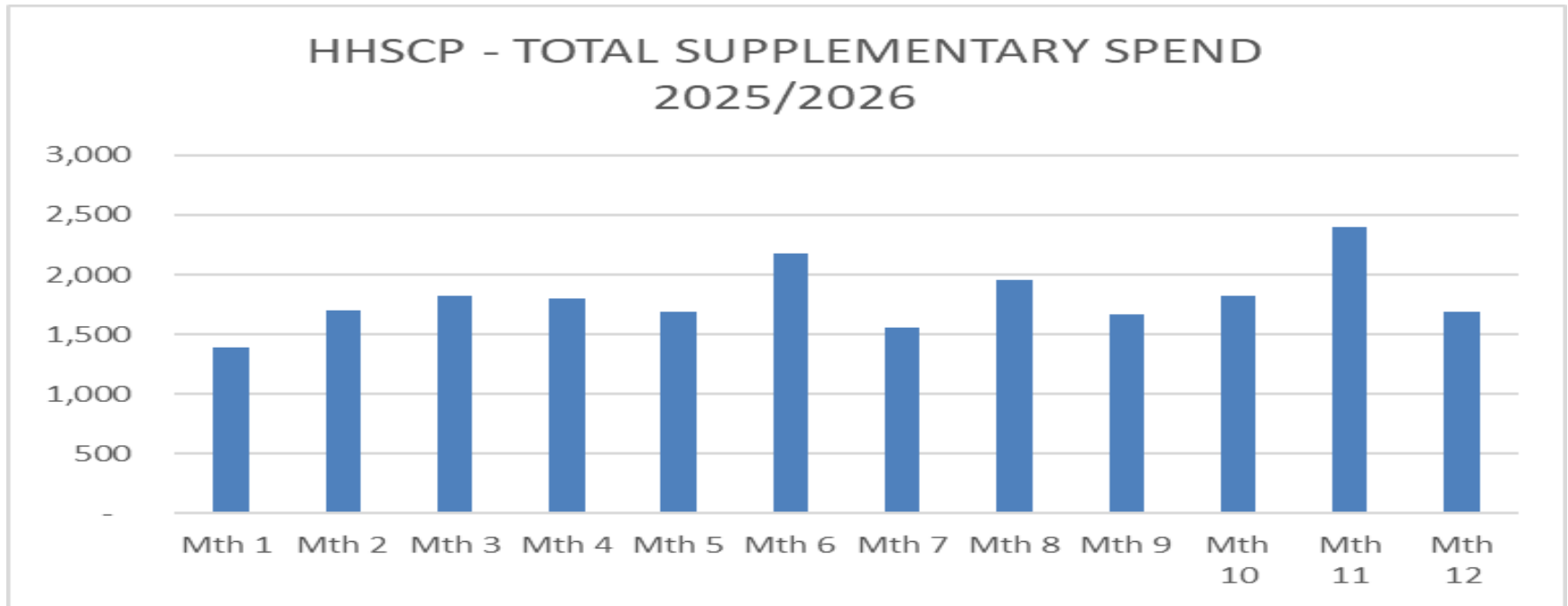
Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
<b>Pay</b>			
Medical & Dental	29.408	28.619	0.789
Medical & Dental Support	4.685	4.634	0.050
Nursing & Midwifery	76.055	77.347	(1.292)
Allied Health Professionals	18.840	17.497	1.343
Healthcare Sciences	0.034	0.000	0.034
Other Therapeutic	12.521	11.179	1.342
Support Services	7.752	7.437	0.315
Admin & Clerical	25.689	24.051	1.639
Senior Managers	0.408	0.190	0.218
Social Care	62.248	55.616	6.631
Ambulance Services	0.436	0.461	(0.025)
Vacancy factor/pay savings	(0.294)	(0.007)	(0.287)
<b>Total Pay</b>	<b>237.783</b>	<b>227.025</b>	<b>10.757</b>

### SUPPLEMENTARY STAFFING

- Recorded spend at end of Month 12 is £0.723 higher than at same point in 2024/2025
- Pay underspend of £10.757m reported at the end of month 12

# MONTH 12 2025/2026 – MARCH 2026

## SUPPLEMENTARY STAFFING



- Spend has continued to fluctuate during the year – with a significant reduction in the level of spend in Month 12

# 2026/2027 FINANCIAL PLAN – NHS HIGHLAND

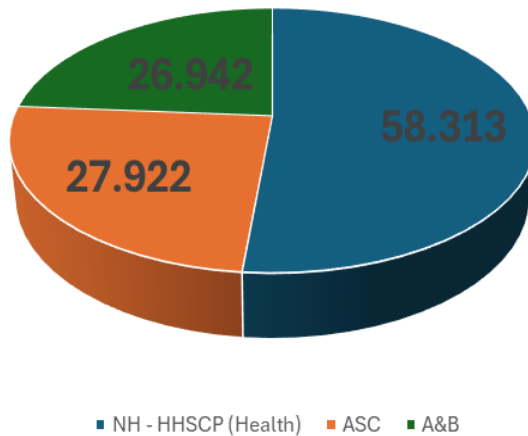


	2026/2027	
	NHS Highland	
	Rec £m	Non-Rec £m
Total Funding Uplifts	51,038	36,701
Total Additional Costs	104,645	2,962
<b>In Year Gap</b>	<b>(53,607)</b>	<b>33,739</b>
<b>Deficit B/F</b>	<b>(91,399)</b>	<b>(1,910)</b>
<b>Total Gap</b>	<b>(145,006)</b>	<b>31,829</b>
<b>Cost Reduction Target</b>		<b>(113,177)</b>

	Gap £m
NH Acute & SS	39,462
NH - HHSCP (Health)	18,851
ASC	27,922
A&B	26,942
<b>TOTAL</b>	<b>113,177</b>

Allocation split across services to be reviewed as allocations received

Gap by Area £m



This gap is 11.1% of the NHS Highland baseline budget

(2025/2026 Gap was 15.3% of baseline)

# 2026/2027 FINANCIAL PLAN – ASC



Estimated Expenditure	203.577	Quantum	<b>147.585</b> **	Emerging Gap	(27.922)
Income	(0.609)	Reduction to quantum per Yr3 of THC budget	(2.600)		
Inflation	8.435	Reduction to quantum - share of HC Digital Savings	(0.121)		
Pay	2.689	Reduction to quantum - redistribution of Carers Funding	(0.500)		
Non Pay	0.247				
Growth	4.172 *	NHS Highland/SG	34.233		
		Added to baseline CCHST	0.583		
		Funding 26/27 RLW	8.311		
		Funding 26/27 FPNC	0.360 ***		
	<u>218.510</u>	NI	1.660		
		Uplift - contribution to pay award	1.950		
MP Package	0.800				
Fairburn	0.300		<u>191.460</u>		
Support Payments	(0.603)				
Transition Rate Inc	0.375				
Care First replacement	-				
	<u>219.383</u>				

\* Growth to be reviewed

\*\* Starting quantum has reduced confirm with HC

\*\*\* FNPC element to be confirmed

## Risks

- Support payments to ISC providers not built in – revisiting as current agreements reach end date and ensure tight governance and appropriate reporting around any agreement to provide support
- Ongoing risk with National Care Home Contract

# 2026/2027 FINANCIAL PLAN

## COST REDUCTION/ IMPROVEMENT CHALLENGE



	£m	£m
Financial Gap		(113.177)
Cost Reductions/Improvements Programmes		
Value & Efficiency - 3% of Baseline	30.601	
ASC - 3%	6.581	
Additional Acute Target	1.938	
One off actions		
Allocations Slippage	1.500	
Financial Flexibility	5.600	
Opportunities		46.220
Deficit Support Funding		40.000
<b>Gap to In Year Financial Balance</b>		<b>(26.957)</b>
Uncontrollable/ Unexpected		
Impact of NHS GG&C SLA uplift		16.124
Impact of ASC pressure		21.341
		10.508

- 3% Value and Efficiency cost reductions/ improvements of £30.601m built in
- Similar methodology used for ASC – 3% of overall costs
- Additional Acute Target – reflects additional services funded with a requirement to generate additional savings. This relates to a long established service and income from private patients
- Estimate £1.500m benefit from allocations – based on review of previous years together with £5.600m of financial flexibility – again based on historic behaviours
- With deficit support funding from SG of £40.000m the gap to in year financial balance is £36.957m
- Two significant uncontrollable/ unexpected costs are highlighted to show that without these deficit support funding could be £10.508m less than the current £40.000m limit