Agenda Item	**4**
Report No	**JMC/10/26**

The Highland Council

Committee: **The Joint Monitoring Committee**

Date: **24 September 2026**

Report Title: **Adult Social Care Transformation Programme**

Report By: **Chief Officer Highland Health & Social Care Partnership & Assistant Chief Executive – People**

1. Purpose/Executive Summary

1.1 This Report provides details on the Transformation Programme which is being taken forward in support of the delivery of the Strategic Plan for the Partnership as well as the Medium-Term Financial Plan developed by the Chief Officer which was developed in recognition of the financial challenge presented in relation to the delivery of Adult Social Care. The report seeks to identify the work that will be required to enable the programme to be delivered and how that work will be resourced. The report ought to be considered alongside the ongoing work in terms of considering the model of governance in place for the Partnership. Both pieces of work whilst discrete are fundamentally linked to improving outcomes for the population of Highland.

1.2 The Report recommends that going forward the Adult Social Care Finance Plan introduced to this Committee in December 2025 be referred to as the Adult Social Care (ASC) Transformation Programme and that reference to 'Track 2' is dropped as the focus of the programme will be on service redesign and sustainability.

1.3 The Report provides detail of the agreement to commit up to £1.2m of funding from the Transformation Reserve provided by The Council to support said transformation work to support the creation of a time-limited Transformation Team within NHS Highland. In addition, it notes the decision to commence the creation of this Team with the appointment of a Senior Programme Manager. It is intended that once in post that there will be ongoing updates to this Committee in relation to the programme.

1.4 The Report also provides an update on the Transformation Reserve and the uncommitted funding that will be available to support the delivery of the five workstreams within the Transformation Programme.

2. Recommendations

2.1 The meeting is asked to:

- **Approve** the details of the Programme to date and note that Project Mandates will be provided together with policy details to a future meeting of the Committee.
- **Agree** that the Programme is referred to as the Adult Social Care (ASC) Transformation Programme and that reference to 'Track 2' is dropped.
- **Note** the commitment of the funding to date from the ASC Transformation Reserve to support the creation of a time-limited Transformation Team led by a Senior Programme Manager through to 31 March 2028 within NHSH and to take forward the work envisaged by the Programme.
- **Note** the latest position of the ASC Transformation Reserve and the uncommitted funding that will be available to support the delivery of the five workstreams within the Transformation Programme.

3. Implications

3.1 Resource

The Programme is supported by the Adult Social Care Transformation Reserve Fund at the present time. There are therefore resource issues arising from this report in terms of both the current financial position and the use of reserves to support the work described in this report. It is expected that the plan will be implemented within the allocated resource and associated risks and issues escalated where appropriate. It is also accepted that in general there are significant resource issues in terms of the delivery of adult social care and those resource issues are governed by the Integration Scheme currently in place, as signed off by the Council and Board in March 2021 and which received Ministerial sign off in February 2022.

3.2 Legal

This report supports statutory duties to secure best value and effective performance management in accordance with the Local Government in Scotland Act 2003.

3.4 Risk

Without the additional resources identified within this Report, there is a significant risk that the required savings will not be delivered adding significant additional pressures to both THC and NHSH budgets.

3.5 Health and Safety

No direct health and safety implications arise from this report.

3.6 Gaelic

There are no specific Gaelic implications arising from this report.

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 report is a monitoring and update paper. As such, a full impact assessment is not required.

5. Track 2 Transformation Proposals and Background in terms of work to date

5.1 At the Committee meeting on 13 December 2024 this Committee agreed various proposals to support the sustainable future delivery of Adult Social Care. Put short it was agreed at that time that there was a need to build upon and develop Strategies on a pan Highland basis which would inform local plans being developed by the District Planning Groups. Those pan Highland Strategies have been previously noted by this Committee and are as follows:

- Self-Directed Support
- Handyperson Scheme
- Care at Home and Care Home future strategy informing a market facilitation plan
- Managing Complex Cases
- Shared Lives
- Workforce Strategy
- Housing Strategy
- Telecare and Digital Strategy.

In terms of those Strategies, a Target Operating Model was developed, setting out the key pillars for future care delivery. That model has been further developed and the programme has moved on such that draft Project Mandates have been developed based on the Adult Social Care Finance Plan introduced by the Chief Officer.

5.2 The Finance Plan identifies the work required as previously set out in the Target Operating Model in terms of five key workstreams as follows:

- Service Rebalancing - £11.7m savings
- Care Pathway Redesign - £9.3m savings
- Community Led Care Models & Preventative Approaches - £3m savings
- Technology & Workforce Transformation - £3m savings
- Cross cutting projects - £4m savings.

The workstreams referred to in paragraph 5.1 above form part of the key workstreams set out in this section. The savings allocated in terms of the project mandates in development are ambitious but necessary and given the scale of the budget challenge are considered to be appropriate.

In terms of those workstreams the work is broadly defined as follows:

1. Service Rebalancing – Shifting towards more people being supported at home using in house and independent provision effectively.
2. Care Pathway Redesign – Modernising pathways to promote independence and reduce reliance on residential based care prioritising those most in need.
3. Community Led Care Models & Preventative Approaches – Supporting local care models and community innovation promoting Self Directed Support options, reablement and disinvesting in less effective traditional services.
4. Technology and Workforce transformation – Scaling technology-enabled care to improve efficiency and independence. Strategic workforce planning to attract, retain and value carers, improve pay and conditions and support carer development.

5.3 Delivery of the transformation needed to meet the ambitious efficiency targets identified is likely to require several key policy changes. Those policy changes will require to consider the allocation of care home beds with a focus on the distinction between nursing home beds and residential beds. The Committee will have seen the proposed Strategic Commissioning Plan as part of a separate report and that will support the work which is envisaged. Other changes will include consideration of eligibility thresholds as well as further development of reablement policies. Those polices are in development and will be reported to a further meeting of this Committee in due course.

5.4 Following the development of the Financial Plan, the transformation work has been described as Track 2. Going forward, it is recommended that the programme is renamed the Adult Social Care (ASC) Transformation Programme and that reference to 'Track 2' is dropped.

6. Transformation Resources

6.1 At a meeting with the Chief Executives of both the Council and the NHS Board on 5 May 2026 and at a subsequent meeting on 2 July 2026, the need for a dedicated transformation resource within NHSH was discussed to deliver the programme of work envisaged. When the £20m earmarked reserve was first established by the Council in the 29 February 2024 budget, section 10 of that report set out the purpose, intent and process for that reserve. "Reserves funding to support the Adult Social Care budget on a multi-year basis, and the process of change and transformation."

6.2 The exact structure and nature of the posts within this dedicated Transformation Team is still being developed, but there has been an agreement to secure up to £1.2m from the Transformation Reserve through to 31 March 2028 in terms of the process previously agreed by this Committee.

6.3 It is proposed that initially a Senior Programme Manager will be appointed to oversee the development and delivery of the programme. They will be responsible for developing the structure and recruiting the Programme Team within the resources available. The final structure of the Programme Team will be agreed by the Joint Chief Executives at a future meeting.

7. Transformation Reserve Update

7.1 The latest position of the Transformation Reserve is shown in **Appendix 1**. On 1 April 2026, the Reserve balance was £14,328,453. Commitments for 2026/27 are £2,726,916 and for 2027/28 £2,588,343. These commitments include the £1.2m commitment for the Transformation Team as outlined in paragraph 6.2. There is an additional commitment of £316,500 for Shared Lives running through to 31 March 2030. The uncommitted balance of the Reserve at 22/7/26 is £8,696,694.

7.2 Once appointed, the Senior Programme Manager will need to prepare a Report for consideration by both Chief Executives on the funding from the Reserve needed to deliver each of the five Workstreams. This Committee will be kept apprised of developments in that regard and also in terms of any policy changes which may be necessary to support delivery in terms of section 5 above.

8 Next Steps

8.1 The following actions will now be taken to take the programme forward:

- 8.1.1 Review and sign-off each of the Project Mandates including the indicative savings targets.
- 8.1.2 Agree what is in (and out) of scope for Shared Services.
- 8.1.3 Identify and profile programme investment requirements.
- 8.1.4 Identify the changes needed to existing policies to enable transformation to happen.
- 8.1.5 Agree a policy on delivering cashable savings vs addressing unmet demand.
- 8.1.6 Agree that an Update Report will be provided to this Committee in December with details of the transformation programme workstreams and an outline of any policy changes for discussion and where appropriate approval.

Designation: Assistant Chief Executive – People and Chief Officer

Date: 20 August 2026

Authors: Fiona Malcolm Chief Officer Integrated People Services & Arlene Johnstone Chief Officer

Appendices:

Appendix 1 – Transformation Reserve Tracker

Appendix 1 – ASC Transformation Reserve Tracker

Programme Summary						
Projects	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**
Handyperson Scheme	£0	£779,215	£0	£0	£0	£0
Shared Lives	£0	£0	£93,500	£157,000	£223,000	£93,500
Local Care Models	£33,191	£167,061	£410,000	£539,748	£0	
Invernevis	£213,000	**£256,500**	**£256,500**			
TVI - Vocala	£0	£0	£87,000	£0	£0	£0
	£246,191	**£1,202,776**	**£847,000**	**£696,748**	**£223,000**	**£93,500**
Programme & Project Manager Resources						
Programme & Project Managers - THC	£95,765	£214,411	£176,323	£165,000	£0	£0
Project Managers - NHSH	£0	£130,204	£165,000	£165,000	£0	£0
SDS Transformation Team	£152,000					
NHSH Transformation Programme Team			£400,000	£800,000		
	£247,765	**£344,615**	**£917,646**	**£1,291,595**	**£0**	**£0**
Other Expenditure						
Care Home Sustainability payments (maintenance of provision)	£1,253,578					
Digital Switch Hubs	£509,000					
NDAS			£600,000	£600,000		
PoA Campaign			£10,000			
Models of Integration (MOI)						
DD Consultancy	£21,622	£46,000	£40,000			
MOI Programme Manager			£86,270			
MOI Engagement Strategy			£176,000			
MOI Project Officer			£50,000			
	£1,784,200	**£46,000**	**£962,270**	**£600,000**	**£0**	**£0**
Year end adjustment to NHSH	**£5,600,000**	**£3,200,000**	**£0**	**£0**	**£0**	**£0**
Additional Funding			**£7,000,000**			
Total Expenditure	**£7,878,156**	**£4,793,391**	**£2,726,916**	**£2,588,343**	**£223,000**	**£93,500**
Balance of Reserve Remaining	**£12,121,844**	**£7,328,453**	**£11,601,537**	**£9,013,194**	**£8,790,194**	**£8,696,694**
Figures shown in Red are estimates						