Agenda Item	5
Report No	EDU/31/26

The Highland Council

Committee: **Education**

Date: **18 November 2026**

Report Title: **Revenue Budget Monitoring Report – Quarter 2 202627**

Report By: **Assistant Chief Executive - People**

1. Purpose/Executive Summary

1.1 The report details the Quarter 2 budget monitoring and forecast position for the Education and Learning Budget 2026/27. The annual service budget is **£315m** with a predicted end of year overspend forecast of **£0.793m**, which represents **0.25%** of the total revenue budget.

1.2 The purpose of this report is to support the Council's overall financial management and budgetary control arrangements. This report also supports the Committee and its Members in fulfilling the Scheme of Delegation in relation to financial management and remit of Strategic Committees which includes: "to scrutinise the management of the Revenue and Capital Budgets for the Services included in the Committee's remit and monitor and control these budgets, including dealing with over- expenditure."

1.3 This report provides Members with commentary at section 7 on material variances affecting the current forecast.

1.4 The report also provides a forecast position regarding all budget savings within the remit of the Service at section 8 and **Appendix 4.**

1.5 Revenue monitoring statements showing actual expenditure up to period 5 of Quarter 2 and year-end estimates are set out in **Appendix 1**. The main variances contributing to the Service pressures and underspends are shown in more detail at **Appendix 2** and the following sub-sections.

2. Recommendations

2.1 Members are asked to:

i. Approve the forecast financial position for Quarter 2 2026/27 as set out in this report and Appendices;
ii. Note the explanations provided for any material variances and actions taken or proposed;
iii. Note the Education and Learning Financial Strategy 2026-2029 at **Appendix 3.**

iv. Note the update provided regarding savings delivery in **Appendix 4.**

3. Implications

3.1 Resource
This report provides key financial information regarding the Service budget and forecast financial performance against that budget, including progress with Service delivery. There are no particular resource implications arising as a result of this report which are not detailed in other sections of this report.

3.2 Legal
There are no particular legal implications to highlight.

3.3 Risk
Significant savings are required to be delivered in-year. Failure to achieve these savings as planned would create a financial risk unless offsetting underspends are identified through mitigating actions. Further commentary on the approved saving & the deliverability can be found in the body of the report and associated appendices.

3.4 Health and Safety (risks arising from changes to plant, equipment, process, or people) - There are no particular implications to highlight.

3.5 Gaelic
There are no particular implications to highlight.

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 update report and therefore an impact assessment is not required.

5. Service Revenue Quarter 2 Monitoring – 1 July 2026 to 31st August 2026

5.1 The statements reflect a forecast overspend of **£0.793m** which equates to **0.25%** of the total budget for the service for the year (**Appendix 1**). This represents an increase in the level of overspend anticipated at Quarter 1 when the overspend was reported at £0.636m. Commentary in relation to that change is provided in paragraph 6 below.

6. Commentary on Variances

6.1 The adverse movement of **£0.156m**, from the forecast underspend at Quarter 1 is attributable to the following factors.

6.2 Additional Support - Special Schools

There has been an increase in the forecast pressure for Special Schools of £0.478m.

At Quarter 1, it was anticipated that a proportion of the temporary additional support in place for Drummond School could be phased out during the current academic session. However, due to the improvement actions required following its recent inspection it is expected that the support will be required for the remainder of the session. The continuation of these arrangements has increased the forecast budget pressure by £0.294m. Senior officers are working with the Head Teacher and Area Quality Improvement Manager (AQIM) to develop a more sustainable long-term model of support.

The remaining £0.184m movement relates to planned leave and the associated backfill arrangements at St Clement's and St Duthus. This is managed through central budget support rather than being accommodated within the individual schools' DSM budget.

6.3 Schools General

The movement in this line of £0.090m can be attributed to recruitment activity in relation to the planned investment made in the Education Team in respect of the appointment of Pedagogy Teachers, to assist area teams to provide dedicated learning and teaching support across clusters.

6.4 Additional Support – Schools

The net pressure on this budget area has increased by £0.051m the key drivers being;

- Area Specialist Provisions saw a £0.204m reduction in the level of underspend forecast at Q1 mainly as a result of planned in year recruitment to the new Inclusion Support Officer roles.
- An increase of £0.149m from the £0.238m pressure forecast at Q1 for Educational Out of Authority Placements mainly as a result of recharges from other authorities for PSA support as well as some short-term ad hoc support arrangements.
- The Learning Without Boundaries budget has made progress towards addressing the legacy budget pressure associated with the provision at Clachnaharry, which was previously held in the Children's Services budget and reported to HSW Committee. This has resulted in a reduction in expenditure of £0.066m.
- The Q1 report set out management actions in relation to enhanced financial monitoring arrangements for the ASL staffing standard, supported by the enhanced service management structure; together with the appointment of the Inclusion Support Officers. A positive impact of this is evidenced by a £0.236m reduction in the anticipated pressure £0.919m to the current forecast of £0.683m.

- All of the above movements taken together have resulted in a forecast net pressure of £0.104m in the Additional Support – Schools line.

6.5 **Mitigating Underspends**

Given the continuing pressure in the Special Schools, a range of management actions have been undertaken to mitigate the financial impact, focusing on discretionary expenditure and recruitment timelines to identify savings that can be achieved with minimal effect on service delivery.

- The forecast for Specialist Additional Support Services has improved by £0.206m since Quarter 1, mainly as a result of part-year vacancies and retirements within the Educational Psychology Team, Deaf Education and Vision Support Services.
- Where planned expenditure could be reduced with minimal impact on service delivery, this action has been taken. This is most evident within the Learning and Teaching budget, where the forecast underspend has increased by £0.117m.
- The Service Management & Support budget has also seen an increase in the projected underspend since Quarter 1. This reflects a one-off underspend arising from the phased recruitment to the Workforce North core budget following the investment approved by Members as part of the March 2026 budget. The investment recognised the need to transition Workforce North from the Future Highland project delivery phase, which had been supported through earmarked reserves, to a sustainable core revenue budget model to embed service delivery on a long-term basis. Recruitment is in the final stages with one vacancy remaining at Q2.
- The improvement in the Early Years budget of £0.067m is mainly as a result of the impact of vacancies/secondments in the central team.

7. Actions Taken or Proposed

7.1 In light of the continuing budget pressure arising from expenditure in the Special Schools line, there has been focused management attention on mitigating budget pressures which has centred on discretionary spend and closely managing recruitment, whilst maintaining front line service delivery. This continues to be a significant area for senior officer attention, with weekly finance meetings accompanied by comms and engagement with all budget holders in the Service.

7.2 The Financial Strategy, attached at **Appendix 3**, sets out the approach the Service is taking to delivering a financially robust and sustainable approach over the period April 2026 to March 2029.

8. Savings Delivery

8.1 **Appendix 4** provides details of the actions being taken to deliver the £5.413m savings target for 2026/27.

Members will note that significant progress has been made, with thirteen savings measures, totalling £2.349m, currently rated green, indicating that they are on track to be delivered in full.

Six savings measures are currently rated red, meaning that less than 90% of the planned saving is expected to be achieved within the financial year. Of these, four relate to implementation delays, with full delivery anticipated after 31 March 2027. Provision has been made within the Savings & Transformation and Education Innovation earmarked reserves to mitigate the financial impact of any in-year slippage.

However, as set out in the Q1 report, there remains a significant risk to the delivery of the recurring Efficiency Savings: DSM Adjustments saving of £1.8m. Current projections suggest that there will be a shortfall of £0.500m in the current financial year, although this position will continue to be closely monitored and reviewed as the year progresses with management actions already identified.

Progress against all savings measures will continue to be closely monitored by the Senior Leadership Team, working in partnership with Finance, and updates on delivery will be provided through future reports and the Education and Learning Financial Strategy.

Designation: Assistant Chief Executive - People

Date: 06 November 2026

Author:
Anne MacPherson, Strategic Lead, Resources
Jennifer McGonagle, Strategic Lead Finance

Appendices: Appendices 1 & 2 – Quarter 2 Budget Monitoring 2026/27
Appendix 3 – Financial Strategy
Appendix 4 – Savings Forecast

EDUCATION & LEARNING MONITORING STATEMENT 2026-27 **APPENDIX 1**

31/08/2026	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Service Management Team & Support	735	2,550	2,287	(263)
Pensions, Insurance and Other Pan-Service Costs	896	2,347	2,362	15
Commissioned HLH Services	(1,662)	17,989	17,989	0
CLD - Adult Learning	269	725	710	(15)
CLD - Youth Work	890	2,034	2,036	2
Employability	(2,163)	1,443	1,419	(24)
Grants to Voluntary Organisations	453	700	744	44
Hostels	600	1,613	1,612	(1)
Crossing Patrollers & School Escorts	388	947	1,028	81
Secondary Schools	41,564	105,623	105,623	0
Primary Schools	35,616	87,117	87,000	(117)
Schools General	4,533	3,458	3,586	128
Learning & Teaching	667	419	294	(125)
Early Learning & Childcare	18,036	39,993	40,036	42
Additional Support - Schools	16,172	38,104	38,208	104
Additional Support - Special Schools	3,420	7,038	8,116	1,079
Specialist Additional Support Services	1,433	3,360	3,203	(157)
Grand Total Education & Learning	**121,847**	**315,460**	**316,253**	**793**
BY SUBJECTIVE				
Staff Costs	112,992	273,347	272,958	(389)
Other Expenditure	15,499	53,370	54,458	1,088
Gross Expenditure	**128,492**	**326,717**	**327,416**	**699**
Grant Income	(6,097)	(9,696)	(9,596)	100
Other Income	(548)	(1,561)	(1,567)	(6)
Total Income	**(6,645)**	**(11,257)**	**(11,163)**	**94**
NET TOTAL	**121,847**	**315,460**	**316,253**	**793**

EDUCATION & LEARNING MONITORING STATEMENT 2026-27

Appendix 2

31/08/2026	STAFF COSTS				OTHER COSTS				GRANT INCOME				OTHER INCOME				NET TOTAL			
	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY																				
Service Management Team & Support	1,882	677	1,593	(289)	689	58	715	26	(10)	(1)	(10)	0	(11)	0	(11)	0	2,550	735	2,287	(263)
Pensions, Insurance and Other Pan-Service Costs	2,102	896	2,117	15	245	0	245	0	0	0	0	0	0	0	0	0	2,347	896	2,362	15
Commissioned HLH Services	0	0	0	0	19,769	(239)	19,769	0	(1,425)	(1,422)	(1,425)	0	(356)	(1)	(356)	0	17,989	(1,662)	17,989	0
CLD - Adult Learning	850	307	798	(53)	48	34	67	18	(155)	(72)	(153)	2	(19)	(0)	(2)	17	725	269	710	(15)
CLD - Youth Work	2,109	833	2,012	(97)	89	95	126	38	(149)	(34)	(92)	57	(15)	(4)	(11)	4	2,034	890	2,036	2
Employability	1,448	550	1,438	(9)	1,880	276	1,866	(15)	(1,885)	(2,988)	(1,885)	0	0	(0)	0	0	1,443	(2,163)	1,419	(24)
Grants to Voluntary Organisations	0	0	0	0	700	453	744	44	0	0	0	0	0	0	0	0	700	453	744	44
Hostels	1,396	543	1,442	46	223	65	180	(42)	0	0	0	0	(6)	(9)	(10)	(4)	1,613	600	1,612	(1)
Crossing Patrollers & School Escorts	941	385	1,028	86	6	3	0	(6)	0	0	0	0	0	0	0	0	947	388	1,028	81
Secondary Schools	98,925	39,788	98,925	0	7,174	2,290	7,174	0	(476)	(488)	(476)	0	0	(25)	0	0	105,623	41,564	105,623	0
Primary Schools	82,041	34,555	81,942	(100)	6,540	2,535	6,523	(17)	(1,464)	(1,475)	(1,464)	0	0	0	0	0	87,117	35,616	87,000	(117)
Schools General	4,126	2,092	4,299	173	560	1,611	486	(74)	(1,210)	841	(1,181)	29	(19)	(10)	(19)	(0)	3,458	4,533	3,586	128
Learning & Teaching	2,134	816	2,124	(10)	291	75	163	(128)	(2,007)	(224)	(1,993)	13	0	0	0	0	419	667	294	(125)
Early Learning & Childcare	27,929	11,252	27,335	(594)	13,763	7,406	14,400	637	(563)	(147)	(563)	0	(1,136)	(475)	(1,136)	0	39,993	18,036	40,036	42
Additional Support - Schools	37,443	15,681	37,117	(326)	977	543	1,409	432	(315)	(50)	(317)	(1)	0	(2)	(2)	(2)	38,104	16,172	38,208	104
Additional Support - Special Schools	6,929	3,382	7,955	1,026	145	74	198	53	(37)	(37)	(37)	(0)	0	0	0	0	7,038	3,420	8,116	1,079
Specialist Additional Support Services	3,091	1,234	2,834	(258)	269	221	391	122	0	0	0	0	0	(21)	(21)	(21)	3,360	1,433	3,203	(157)
Grand Total Education & Learning	**273,347**	**112,992**	**272,958**	**(389)**	**53,370**	**15,499**	**54,458**	**1,088**	**(9,696)**	**(6,097)**	**(9,596)**	**100**	**(1,561)**	**(548)**	**(1,567)**	**(6)**	**315,460**	**121,847**	**316,253**	**793**

Appendix 3.

The Highland Council

Financial Strategy for the Period 1st April 2026 - 31st March 2029

Service: Education & Learning

Cluster: People

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1. Financial Strategy

1.1. Purpose

The purpose of this strategy is to establish clear expectations, responsibilities & governance for Senior Leadership to ensure effective financial management, accountability and alignment with organisational objectives.

1.2. Scope

This strategy applies to Chief Officers and other members of the Extended Core Management Team as appropriate. It supports strong financial stewardship, informed decision making and compliance with internal policies and external regulations.

1.3. Strategic Objectives

- Promote a culture of ownership and financial accountability
- Ensure organisational funds are used efficiently, appropriately and in line with strategic priorities in support of the Operational Delivery Plan.
- Strengthen financial forecasting and reduce the risk of overspend.
- Improve transparency and consistency in financial management practices.
- Enable proactive identification and management of financial risks.

1.4. Roles & Responsibilities

Senior Leaders will:

- Support the Section 95 Officer in maintaining the proper administration of the Council's affairs.
- Contribute to the preparation of robust, achievable budgets via the Medium-Term Financial Plan, ensuring alignment with operational requirements and the priorities set out in the Operational Delivery Plan.
- Strive to secure Best Value by way of economic, efficient and effective use of resources.
- Strengthen accountability among cluster budget holders by establishing clear expectations and governance.
- Monitor Financial Performance regularly including reviewing actuals, commitments and forecasts.
- Investigate variances and implement corrective actions where required.
- Approve expenditure in line with delegated budget limits and procurement procedures.
- Escalate emerging pressures, risks or significant variances in a timely manner.
- Engage with Finance to support accurate forecasting and financial reporting.

The Corporate Finance Team will:

- Provide timely, accurate financial information and reporting tools including a suite of Financial Insights Dashboards.
- Offer guidance and challenge where appropriate to support sound financial management.
- Support budget managers with forecasting, profiling and variance analysis.
- Ensure compliance with financial regulations

1.5. Governance & Oversight

Financial performance will be monitored regularly through the Strategic Committees, Corporate Resources Committee, and the Budget Review Group. All material variances must be fully explained and supported by documented recovery plans where required.

1.6. Monitoring & Reporting

The quarterly monitoring cycle will include:

- Year to Date Expenditure & Income position
- Forecast Year End Outturn
- Commentary on material Variances
- Mitigating actions taken or proposed
- Commentary on Savings Delivery

This approach enables early intervention and supports financial resilience.

1.7. Capability & Support

Appropriate training, guidance materials and access to financial systems will be provided to ensure responsible officers have the skills and tools required to fulfil their responsibilities.

These materials are signposted in the Reference Documents section of this paper.

1.8. Continuous Improvement

This strategy will be reviewed periodically to reflect organisational changes, regulatory requirements and best practice in financial management.

1.9. Accountability Statement

Senior leaders are entrusted with public funds and are expected to exercise professional judgment due diligence and responsible stewardship in every financial decision in accordance with the Financial Regulations.

2. Budget Information

2.1. Prior-Year Financial Pressures: Budget Responses & Ongoing Service Management

This section provides an overview of the key financial pressure areas from the previous year, outlines the actions incorporated within the MTFP 26/27 to 28/29 to address these pressures, and sets out the service-level measures in place to manage any remaining risks throughout the year.

Pressure Area	Prior Year Variance (£'000)	Budget Mitigation March 2026 (£'000)	Residual Pressure to be Managed via Service Intervention (£'000)	Responsible Officer
ASL - Special Schools	£1.062m	£0.400m	£0.662m	Kirsty MacPherson
ASL – Schools (OOA Placements)	£0.664m	£0.350m	£0.314m	Kirsty MacPherson
Hostels	£0.006m	£0.027m	nil	Fiona Malcolm
Grants to Voluntary Organisations	£0.038m	£0.000m	£0.038m	Fiona Malcolm
ELC Partner Providers	£0.546m	£0.000m	£0.546m	Bernadette Martin-Scott

This section will include Chief Officer narrative to reflect intended Service Intervention for each pressure area.

ASL – Inclusive Practice

The Service is undertaking a comprehensive review of its approach to Inclusive Practice and Additional Support Needs (ASN) provision across Highland. This work aligns with one of the three underpinning priorities identified within the Education and Learning Improvement Plan and aims to ensure that policy, practice, resource allocation and outcomes for children and young people are equitable, effective and sustainable.

The review will consider current budget allocation, operational practice and the impact of support arrangements on outcomes for children and young people with additional support needs. The work will include engagement with staff and stakeholders, analysis of relevant policies and guidance, and scrutiny of quantitative and qualitative data relating to attainment, achievement, wellbeing, inclusion and participation.

The review will consider the effectiveness of current policy and practice in relation to:

- Staged Intervention processes and associated resource allocation models.
- Joint Assessment Group (JAG) processes, including decision-making relating to placements in special schools and enhanced provision.
- Off-site provision and alternative learning pathways.
- Specialist support services, including Deaf Education, Vision Impairment, Educational Psychology and other targeted support services.
- Inclusive practices within mainstream settings and the extent to which these support positive outcomes for children and young people.

The review will culminate in a report setting out key findings, recommendations and priorities for improvement. This will inform future service delivery, strengthen inclusive practice across all settings and support improved outcomes for children and young people with additional support needs on a financially sustainable basis.

Hostels

Funding has been provided to rebase Hostels Income Target of £0.027m providing a long-term solution to address this historic pressure.

Early Learning & Childcare

The Chief Officer for Primary and Early Years is supporting the Best Value Review relating to this budget area, with further details provided in Section 5.2 of this Strategy.

2.2. Revenue Budget as at Q2 26/27 Including Budgeted FTE

The table below reflects the Opening Budget for the 26/27 Financial Year with the associated FTE where applicable.

Budget Heading (per Revenue Monitoring Report)	Budgeted £'000	Budgeted FTE	Responsible Officer
Service Management Team & Support	2.550m	28	Fiona Malcolm
Pensions, Insurance & Other Pan-Service Costs	2.347m	-	Fiona Malcolm
Commissioned HLH Services	17.989m	-	Fiona Malcolm
CLD - Adult Learning	0.725m	19	Kirsty MacPherson
CLD - Youth Work	2.034m	46	Kirsty MacPherson
Employability	1.443m	21	Kirsty MacPherson
Grants to Voluntary Organisations	0.700m	-	Fiona Malcolm
Hostels	1.616m	25	Fiona Malcolm
Crossing Patrollers & School Escorts	0.947m	33	Fiona Malcolm
Secondary Schools	105.623m	1,302	Kirsty MacPherson
Primary Schools	87.117m	1,069	Bernadette Martin-Scott
Schools General	3.548m	62	All CO's
Learning & Teaching	0.419m	23	Bernadette Martin-Scott
Early Learning & Childcare	39.993m	668	Bernadette Martin-Scott
Additional Support - Schools	38.104m	717	Kirsty MacPherson
Additional Support - Special Schools	7.038m	126	Kirsty MacPherson
Specialist Additional Support Services	3.360m	33	Kirsty MacPherson
Total	**315.460m**	**4,172**	

3. Savings Delivery

3.1. Approved Savings per Medium Term Financial Plan

The table below sets out the approved savings per the March 2026 Budget.

Savings Measure	Savings Value 26/27 £'000	Responsible Officer
Service Redesign Pathways & Lifelong Learning *(People/1 HC 05.03.26)*	0.300m	Kirsty MacPherson
Realign Pre-School Staff Resource to an area-based model *(People/2 HC 05.03.26)*	0.150m	Kirsty MacPherson
Realign resource to establish Future Highland Academy *(People/3 HC 05.03.26)*	0.100m	Kirsty MacPherson
Improve Safer Routes to Schools *(People/7 HC 05.03.26)*	0.164m	Fiona Malcolm
Non-Teaching Turnover Primary & Secondary *(People/8 HC 05.03.26)*	0.821m	Kirsty MacPherson & Bernadette Martin-Scott
HLH Pathway to Sustainable Funding *(People/5 HC 05.03.26)*	0.096m	Fiona Malcolm
Flexible Childcare Income Uplift (Benchmarking Council Provision & Private Sector) *(People/11 HC 05.03.26)*	0.054m	Bernadette Martin-Scott
Targeted reduction of staffing budgets *(Strategic/1 HC 05.03.26)*	0.132m	All CO's
Reduction in overtime and agency spend *(Strategic/3 HC 05.03.26)*	0.002m	All CO's
Early Years Delivery Model *(HC 290224 EL:13)*	0.500m	Bernadette Martin-Scott
Education: Primary Management Restructure *(HC 290224 EL:11)*	0.495m	Bernadette Martin-Scott
Strategic Operating Model - Review E&L management structure *(HC 290224 CS:4)*	0.100m	All CO's
Realign resources to an area-based model to ensure better alignment *(HC 060325 E&L:1)*	0.225m	Kirsty MacPherson & Bernadette Martin-Scott
Common framework for management & support arrangements *(HC 060325 E&L:2)*	0.200m	Kirsty MacPherson
Review school needs to design integrated Single Status roles *(HC 060325 E&L:7)*	0.100m	Kirsty MacPherson & Bernadette Martin-Scott
1% efficiency target from relevant service budgets *(HC 290224 CS:35)*	0.153m	All CO's
DSM adjustments *(HC 290224 EL:16)*	1.800m	Kirsty MacPherson & Bernadette Martin-Scott
Improvements in workforce practice *(HC 060325 E&L:8)*	0.020m	Kirsty MacPherson & Bernadette Martin-Scott
Fees & Charges *(HC290224 CS:17)*	0.001m	All CO's
Total	**£5.413m**	

3.2. Progress towards Savings Delivery

Progress towards savings delivery is being monitored throughout the year, with each service providing a quarterly update detailing the actions underway, the mitigations being applied, and the current RAG status for each savings measure. This section will summarise those updates, highlighting areas of achievement, emerging risks to delivery, and any further interventions required to ensure savings remain on track.

Savings Measure

Service Redesign Pathways & Lifelong Learning
(People/1 HC 05.03.26)

	26/27	27/28	28/29	Total
Target	0.300m	0.000m	0.000m	**0.300m**
Current Forecast	0.193m	0.000m	0.000m	**0.193m**
Actual to Date	0.193m	0.000m	0.000m	**0.193m**

RAG Status:	**RED**	x	**AMBER**		**GREEN**	
PRMS Updated:	29/10/26					
Responsible Officer:	Kirsty MacPherson					

Comments/Narrative:

Following the approval of £300,000 savings through redesign of the CLD and Employability service teams, £193m savings have been secured through existing vacant and fixed term posts which will be removed from the current establishment/structure. Redesign work has started to meet the savings target. The redesign work so far has included:

Review of Budget and HR data

- Service staff 'Redesign ideas' survey
- Review of current job specifications for both services
- In-person staff visits across Highland, online meeting, and Employability service team workshop
- Employability client, adult learner and youth participant data reviewed
- Meetings and updates with Unions and HR representatives

Draft redesign options, draft business case and supporting information have been passed to senior management for review. A collective meeting with relevant senior managers, HR and Finance to discuss the options took place in August. The preferred option was established, following the Council's Redesign Guidance, the next phase of stakeholder consultation is underway.

Action	Target Date	Date Achieved
1. Redesign Workshop August 2026	31/08/26	28/08/26
2. Staff Consultation launched regarding redesign	31/10/26	31/10/26
3. Consultation findings to be considered with original draft business case	31/11/26	Ongoing

Risks	Mitigations
1. Timeline delayed due to recruitment of service manager	Temporary project manager has been appointed to progress the workstream in the meantime.

Recovery Plan (if applicable):	n/a

Savings Measure

Realign Pre-School Staff Resource to an area-based model
(People/2 HC 05.03.26)

	26/27	27/28	28/29	Total
Target	0.150m	0.000m	0.000m	**0.150m**
Current Forecast	0.150m	0.000m	0.000m	**0.150m**
Actual to Date	0.150m	0.000m	0.000m	**0.150m**

RAG Status:	**RED**		**AMBER**		**GREEN**	**x**
PRMS Updated:	29/10/26					
Responsible Officer:	Kirsty MacPherson & Bernadette Martin-Scott					

Comments/Narrative:

The Pre-School Home Visiting Team budget has been reduced accordingly, with full delivery of the identified savings anticipated within the financial year.

Savings achieved via;

- 1.6 FTE Full Year Vacancies removed from establishment
- 1.4 FTE part year effect of Post Holder Retirals
- 3.8 FTE redeployed into ASL Staffing Standard Allocations from August.

This saving is linked to the following measure: *Realign resources to an area-based model to ensure better alignment (HC 060325 E&L:1),* with the actions taken providing a sustainable method of reducing the budget and achieving the total required saving.

Action	Target Date	Date Achieved
1. Savings Target Applied to Pre-School Home Visting Teachers Cost Centre Q1 26/27.	30/06/26	30/06/26

Risks	Mitigations
n/a	n/a

Recovery Plan (if applicable):	n/a

Savings Measure

Realign resource to establish Future Highland Academy
(People/3 HC 05.03.26)

	26/27	27/28	28/29	Total
Target	0.100m	0.000m	0.000m	**0.100m**
Current Forecast	0.100m	0.000m	0.000m	**0.100m**
Actual to Date	0.100m	0.000m	0.000m	**0.100m**

RAG Status:	**RED**		**AMBER**		**GREEN**	**x**
PRMS Updated:	29/10/26					
Responsible Officer:	Kirsty MacPherson					

Comments/Narrative:

Stage one of the redesign of specialist provisions has included a review of current establishment requirements, vacancy levels, and future service delivery needs. This analysis has confirmed that two vacant posts are no longer required to deliver the revised model of provision. As these posts have remained unfilled for a sustained period, and their duties can be absorbed within the redesigned structure without detriment to service quality or statutory obligations, they can be permanently removed from the establishment.

The removal of these vacancies represents a sustainable staffing reduction that supports delivery of the approved savings measure. This approach ensures that planned financial efficiencies are achieved while maintaining alignment between workforce capacity and the new service design. It also contributes to broader organisational objectives around improved workforce planning, budget discipline, and long-term financial sustainability.

Action	Target Date	Date Achieved
1. Vacant posts identified & removed from the budget	31/03/26	26/03/26

Risks	Mitigations
n/a	n/a

Recovery Plan (if applicable):	n/a

Savings Measure

Improve Safer Routes to Schools
(People/7 HC 05.03.26)

	26/27	27/28	28/29	Total
Target	0.164m	0.099m	0.000m	**0.263m**
Current Forecast	0.102m	0.000m	0.000m	**0.102m**
Actual to Date	0.102m	0.000m	0.000m	**0.102m**

RAG Status:	**RED**	**x**	**AMBER**		**GREEN**	
PRMS Updated:	06/08/26					
Responsible Officer:	Fiona Malcolm					

Comments/Narrative:

A proactive approach to delivery of the approved saving from March 2026 is in progress with Road Safety Surveys being undertaken across the school estate.

The Q2 revenue monitoring position reflects a shortfall of £0.062m, of which £0.102m is being delivered through current vacancies. Further savings may be achievable prior to the year end.

Action	Target Date	Date Achieved
1. Finance to share budgeted establishment with current vacancies identified.	01/04/26	18/03/26
2. A short life working group will be established across services to ensure effective delivery.	10/11/26	ongoing
3. Road Safety Surveys to be completed by March 26.	31/03/26	ongoing
4. All vacancies actively reviewed as they arise.	01/04/26	ongoing

Risks	Mitigations
1.The planned phasing of savings delivery is not achieved within the financial year, resulting in a shortfall against the agreed savings target.	Delivery of the savings is being monitored closely throughout the year. In conjunction with the Road Safety Team, opportunities to accelerate implementation and the associated savings will be assessed to mitigate the risk arising from the phasing of delivery.

Recovery Plan (if applicable):	n/a

Savings Measure

Non-Teaching Turnover Primary & Secondary
(People/8 HC 05.03.26)

	26/27	27/28	28/29	Total
Target	0.821m	0.000m	0.000m	**0.821m**
Current Forecast	0.821m	0.000m	0.000m	**0.821m**
Actual to Date	0.561m	0.000m	0.000m	**0.561m**

RAG Status:	**RED**		**AMBER**		**GREEN**	**x**
PRMS Updated:	29/10/26					
Responsible Officer:	Kirsty MacPherson & Bernadette Martin-Scott					

Comments/Narrative:

The savings target has been incorporated within a holding code in the Schools General budget. As part of the quarterly monitoring process, DSM adjustments are being made to allocate any underspends achieved on non-teaching staffing budgets against the target. Progress will be reported by School Finance Officers through the RAG reporting framework and communicated to Head Teachers.

Based on the Quarter 2 monitoring position, this saving is currently forecast to be achieved in full. However, there remains a risk that a reduction in staff turnover levels could adversely impact the delivery of the saving.

Action	Target Date	Date Achieved
1. Monitor turnover levels and delivery of the savings target through quarterly budget monitoring, making budget adjustments where appropriate to reflect performance against target.	31/03/27	ongoing

Risks	Mitigations
1. Lower than anticipated staff turnover reduces the level of vacancy savings available, resulting in under-delivery of the savings target.	Education & Learning SLT are monitoring on an ongoing basis.

Recovery Plan (if applicable):	n/a

Savings Measure

HLH Pathways to Sustainable Funding
(People/5 HC 05.03.26)

	26/27	27/28	28/29	Total
Target	0.096m	0.168m	0.252m	**0.516m**
Current Forecast	0.096m	0.168m	0.252m	**0.516m**
Actual to Date	0.096m	0.000m	0.000m	**0.096m**

RAG Status:	**RED**		**AMBER**		**GREEN**	**x**
PRMS Updated:	29/10/26					
Responsible Officer:	Fiona Malcolm					

Comments/Narrative:

This savings measure will be delivered over a three-year period through a phased reduction in the management fee budget provided to High Life Highland (HLH). The first-year saving of £0.096m has been reflected within the 2026/27 budget.

The saving is expected to be delivered through a combination of income growth and expenditure reductions, including:

- Increased income generated through growth in customer numbers and targeted price increases; and
- Staffing savings arising from the implementation of a management restructure

Action	Target Date	Date Achieved
1. Year 1 Reduction in HLH Management Fee Applied	01/04/26	01/04/26
2. Year 2 Reduction in HLH Management Fee Applied	01/04/27	
3. Year 3 Reduction in HLH Management Fee Applied	01/04/28	

Risks	Mitigations
1. Actual income generation falls below target due to lower customer uptake and/or the planned price increases not delivering the anticipated level of additional income, resulting in under-delivery of the savings target.	Delivery of this saving will be tracked through the HLH revenue monitoring framework, with progress reported regularly to the Board.

Recovery Plan (if applicable):	n/a

Savings Measure

Flexible Childcare Income Uplift (Benchmarking Council Provision & Private Sector) (People/11 HC 05.03.26)

	26/27	27/28	28/29	Total
Target	0.054m	0.056m	0.059m	**0.169m**
Current Forecast	0.054m	0.056m	0.059m	**0.169m**
Actual to Date	0.000m	0.000m	0.000m	**0.000m**

RAG Status:	**RED**		**AMBER**		**GREEN**	**x**
PRMS Updated:	29/10/26					
Responsible Officer:	Bernadette Martin-Scott					

Comments/Narrative:

This measure increases charges for additional ELC hours (over 1140) and school aged childcare from current rate of £5.05 to £5.30 in 26/27, £5.57 in 27/28 & £5.85 in 28/29.

The saving will be implemented during term one of the new academic session and is currently expected to be delivered in full.

Action	Target Date	Date Achieved
1. The ELC Team will manage implementation of the fee increase, including communication with service users and the amendment of billing systems to reflect the revised charges.	01/10/26	01/10/26

Risks	Mitigations
1. Increased charges lead to reduced service uptake, resulting in income levels falling below target and under-delivery of the planned saving.	Historic trends suggest that previous fee increases have had minimal impact on service uptake, providing confidence that income targets will continue to be achieved.

Recovery Plan (if applicable):	n/a

Savings Measure
Targeted reduction of staffing budgets (Strategic/1 HC 05.03.26)

	26/27	27/28	28/29	Total
Target	0.132m	0.262m	0.393m	**0.132m**
Current Forecast	0.132m	0.000m	0.000m	**0.132m**
Actual to Date	0.132m	0.000m	0.000m	**0.132m**

RAG Status:	**RED**		**AMBER**		**GREEN**	**x**
PRMS Updated:	29/10/26					
Responsible Officer:	All CO's					

Comments/Narrative:

Savings have been achieved as a result of staff turnover within the central team.

For future years a joint approach will be agreed within E&L SMT.

Action	Target Date	Date Achieved
1. Determine which staffing budgets can be reduced with minimal impact on service delivery.	31/03/27	

Risks	Mitigations
1. Turnover levels are insufficient to deliver the level of saving required.	All EATR's will be reviewed by SLT.

Recovery Plan (if applicable):	n/a

Savings Measure
Reduction in overtime and agency spend (Strategic/3 HC 05.03.26)

	26/27	27/28	28/29	Total
Target	0.002m	0.000m	0.000m	**0.002m**
Current Forecast	0.002m	0.000m	0.000m	**0.002m**
Actual to Date	0.002m	0.000m	0.000m	**0.002m**

RAG Status:	**RED**		**AMBER**		**GREEN**	**x**
PRMS Updated:	08/06/26					
Responsible Officer:	All CO's					

Comments/Narrative:

Budgets adjusted accordingly and saving expected to be delivered in full.

Action	Target Date	Date Achieved
1. Applied to relevant budgets in 26/27 load.	01/04/26	01/04/26

Risks	Mitigations
1. Actual expenditure exceeds the revised budget provision, resulting in a budget pressure and under-delivery of the savings target.	Given the relatively low value of the saving, any shortfall is expected to be managed within the overall service budget through routine budget monitoring and compensating savings across the service.

Recovery Plan (if applicable):	n/a

Savings Measure
Early Years Delivery Model (HC 290224 EL:13)

	26/27	27/28	28/29	Total
Target	0.500m	0.000m	0.000m	**0.500m**
Current Forecast	0.411m	0.000m	0.000m	**0.411m**
Actual to Date	0.411m	0.000m	0.000m	**0.411m**

RAG Status:	**RED**		**AMBER**	**x**	**GREEN**	
PRMS Updated:	29/10/26					
Responsible Officer:	Bernadette Martin-Scott					

Comments/Narrative:

As part of the monitoring process, a review of all ELC budget headings was undertaken to identify opportunities to deliver the savings target. Savings totalling £0.411m have been identified and applied across a range of central team budget headings, including the deletion of vacant posts and reductions in training and equipment budgets.

The remaining shortfall of £0.089m will continue to be reviewed as part of the in-year revenue monitoring process as well as the best value review underway to benchmark practice with neighbouring local authorities.

Action	Target Date	Date Achieved
1. Review ELC budgets to identify opportunities to achieve the savings target and implement any required budget realignments through the quarterly monitoring process.	31/07/26	15/07/26
2. Vacancy management arrangement in place	01/04/26	Ongoing

Risks	Mitigations
1. The remaining savings requirement of £0.089m may not be identified during 2026/27, resulting in a shortfall against the agreed savings target.	Ongoing budget monitoring will be undertaken throughout the year to identify further savings opportunities, with the remaining shortfall representing a relatively small proportion of the overall ELC budget and therefore expected to be manageable through normal budget management processes.

Recovery Plan (if applicable):	n/a

Savings Measure

Education: Primary Management Restructure
(HC 290224 EL:11)

	26/27	27/28	28/29	Total
Target	0.495m	0.000m	0.000m	**0.495m**
Current Forecast	0.495m	0.000m	0.000m	**0.495m**
Actual to Date	0.495m	0.000m	0.000m	**0.495m**

RAG Status:	**RED**		**AMBER**		**GREEN**	**x**
PRMS Updated:	29/10/26					
Responsible Officer:	Bernadette Martin-Scott					

Comments/Narrative:

The original savings proposal of £0.495m, approved as part of the February 2024 Budget, included the removal of all (excluding clusters) Primary Principal Teacher (PT) posts. This proposal was subsequently revised following approval of investment proposal INV/13, *Invest in our Leaders of the Future*, as part of the March 2025 Budget.

The investment of £0.166m provided funding to retain Principal Teacher posts in medium-sized primary schools where no alternative management provision exists.

As a result, the savings target was reduced accordingly and delivered through changes to the Primary Staffing Entitlement implemented from August 2025, whilst retaining management capacity in those schools identified through the investment proposal.

Action	**Target Date**	**Date Achieved**
1. Implement the revised Primary Management Structure through the Primary Staffing Entitlement model from the beginning of Academic Session 2025/26.	18/08/25	18/08/25

Risks	**Mitigations**
n/a	n/a

Recovery Plan (if applicable):	n/a

Savings Measure
Strategic Operating Model - Review E&L management structure (HC 290224 CS:4)

	26/27	27/28	28/29	Total
Target	0.100m	0.000m	0.000m	**0.100m**
Current Forecast	0.100m	0.000m	0.000m	**0.100m**
Actual to Date	0.100m	0.000m	0.000m	**0.100m**

RAG Status:	**RED**		**AMBER**		**GREEN**	**x**
PRMS Updated:	29/10/26					
Responsible Officer:	All CO's					

Comments/Narrative:

This saving measure represents the ongoing benefit of efficiencies delivered through the service management restructure implemented in the previous financial year. As implementation occurred during the year, the full financial impact was phased, with the saving now being realised on a full-year basis.

Action	Target Date	Date Achieved
1. Incorporate the remaining part-year savings into staffing budgets through the 2026/27 budget build.	30/06/26	30/06/26

Risks	Mitigations
n/a	n/a

Recovery Plan (if applicable):	n/a

Savings Measure

Realign resources to an area-based model to ensure better alignment
(HC 060325 E&L:1)

	26/27	27/28	28/29	Total
Target	0.225m	0.150m	0.000m	**0.375m**
Current Forecast	0.225m	0.150m	0.000m	**0.375m**
Actual to Date	0.225m	0.000m	0.000m	**0.225m**

RAG Status:	**RED**		**AMBER**		**GREEN**	**x**
PRMS Updated:	29/10/26					
Responsible Officer:	Bernadette Martin-Scott					

Comments/Narrative:

The Pre-School Home Visiting Team budget has been reduced accordingly, with full delivery of the identified savings anticipated within the financial year.

Savings achieved via;

- 1.6 FTE Full Year Vacancies removed from establishment
- 1.4 FTE part year effect of Post Holder Retirals
- 3.8 FTE redeployed into ASL Staffing Standard Allocations from August.

This saving is linked to the following measure: *Realign Pre-School Staff Resource to an area-based model (People/2 HC 05.03.26)* with the actions taken providing a sustainable method of reducing the budget and achieving the total required saving.

Action	**Target Date**	**Date Achieved**
1. Savings Target Applied to Pre-School Home Visting Teachers Cost Centre Q1 26/27.	30/06/26	30/06/26

Risks	**Mitigations**
n/a	n/a

Recovery Plan (if applicable):	n/a

Savings Measure

Common framework for management & support arrangements
(HC 060325 E&L:2)

	26/27	27/28	28/29	Total
Target	0.200m	0.220m	0.000m	**0.420m**
Current Forecast	0.000m	0.000m	0.000m	**0.000m**
Actual to Date	0.000m	0.000m	0.000m	**0.000m**

RAG Status:	**RED**	x	**AMBER**		**GREEN**	
PRMS Updated:	29/10/26					
Responsible Officer:	Kirsty MacPherson					

Comments/Narrative:

The intention of this saving is to review Secondary Management budget allocations in line with policy over 3 years (commenced in financial year 25/26).

Initial scoping work has identified Secondary schools operating above their DSM entitlement in relation to Principal Teacher management structures. All secondary Head Teachers are aware of the savings requirement and the need to align Principal Teacher management structures with the DSM formula. A programme of engagement has commenced with affected schools to progress the realignment of Principal Teacher management structures and support delivery of the savings target.

Although work to deliver this saving is progressing, there remains a risk that post-restructure cash conservation measures will be required as per national conditions of service for teaching staff. The Quarter 2 monitoring position assumes some slippage in the achievement of the savings target and, as a result, the transitional funding held within Earmarked Reserves will be required to support the budget position in 2026/27.

Action	Target Date	Date Achieved
1. Scoping Exercise to identify Schools where PT points & associated funding are no longer aligned with policy.	30/06/26	31/05/26
2. Commence engagement with affected Schools.	09/10/26	09/10/26
3. Application of agreed LNCT process for review.	30/06/27	

Risks	Mitigations
1. Slippage in the delivery of this saving extends beyond 2026/27, with no remaining capacity within Earmarked Reserves to support the budget position until the saving is fully implemented.	Ensure officers within the Workforce Planning team receive the necessary training and development to build sufficient capacity and capability to provide effective support to Secondary Head Teachers throughout the review process, thereby mitigating delivery risks.

Recovery Plan (if applicable):	n/a

Savings Measure

Review school needs to design integrated Single Status roles
(HC 060325 E&L:7)

	26/27	27/28	28/29	Total
Target	0.100m	0.150m	0.000m	**0.250m**
Current Forecast	0.000m	0.000m	0.000m	**0.000m**
Actual to Date	0.000m	0.000m	0.000m	**0.000m**

RAG Status:	**RED**	x	**AMBER**		**GREEN**	
PRMS Updated:	29/10/26					
Responsible Officer:	Bernadette Martin-Scott & Kirsty MacPherson					

Comments/Narrative:

Modelling of options to deliver this saving is currently being undertaken and engagement with Union partners is underway. The intention is to equalise all non-teaching schools-based staff annual hours to term time, plus in-service days, removing significant variation across schools and posts, with the additional benefit of reducing payroll errors. This will apply to all newly appointed staff.

Although work to deliver this saving is progressing the Quarter 2 monitoring position assumes some slippage in the achievement of the savings target and, as a result, the transitional funding held within Earmarked Reserves will be required to support the budget position in 2026/27.

Action	Target Date	Date Achieved
1. Modelling of Options	31/12/26	
2. Consultation through staff partnership	Ongoing	
3. Phased Implementation commenced	18/08/27	

Risks	Mitigations
1. Slippage in the delivery of this saving extends beyond 2026/27, with no remaining capacity within Earmarked Reserves to support the budget position until the saving is fully implemented.	Delivery of the savings measure will be subject to ongoing monitoring through the Council's budget management framework, ensuring that any variance from the planned savings profile is identified and addressed in a timely manner, with compensatory offsetting underspends sought where possible to mitigate any slippage in savings delivery.

Recovery Plan (if applicable):	n/a

Savings Measure

1% efficiency target from relevant service budgets
(HC 290224 CS:35)

	26/27	27/28	28/29	Total
Target	0.153m	0.000m	0.000m	**0.153m**
Current Forecast	0.153m	0.000m	0.000m	**0.153m**
Actual to Date	0.153m	0.000m	0.000m	**0.153m**

RAG Status:	**RED**		**AMBER**		**GREEN**	**x**
PRMS Updated:	29/10/26					
Responsible Officer:	All CO's					

Comments/Narrative:

Saving applied to relevant non-DSM budget headings & expected to be delivered in full.

Action	**Target Date**	**Date Achieved**
1. Saving applied as part of 26/27 budget load	30/06/26	30/06/26

Risks	**Mitigations**
n/a	n/a

Recovery Plan (if applicable):	n/a

Savings Measure

DSM adjustments
(HC 290224 EL:16)

	26/27	27/28	28/29	Total
Target	1.800m	0.000m	0.000m	**1.800m**
Current Forecast	1.300m	0.000m	0.000m	**1.300m**
Actual to Date	0.000m	0.000m	0.000m	**0.000m**

RAG Status:	**RED**	x	**AMBER**		**GREEN**	
PRMS Updated:	29/10/26					
Responsible Officer:	Kirsty MacPherson & Bernadette Martin-Scott					

Comments/Narrative:

This saving was approved in March 2024 with the following phasing.

Financial Year	Saving Value	Incremental Change
24/25	£1.500m	n/a
25/26	£1.300m	(0.200m)
26/27	£1.500m	£0.500m

The DSM scheme provides schools with the ability to carry forward year end surplus or deficit values taking cognisance of the difference in alignment of Financial Years & Academic Sessions.

The intention of this saving was to bring the scheme in line with Scottish National Averages permitting a 2% surplus on the annual budget to be carried forward into the next financial year.

In financial year 2024/25, the £1.500m saving was delivered through a policy change reducing the scheme's surplus carry forward limit from 5% to 2%.

In financial year 25/26 it was not possible to recover the saving of £1.300m and maintain the 2% level therefore this was adjusted to 1.5% in order to mitigate the impact on the general fund reserves. There is flexibility within the DSM scheme to take cognisance of savings agreed as part of the Medium-Term Financial Plan as reflected in the extract below;

"*It may be necessary to update the DSM scheme if required following formal agreement of the Council's budget, or to recognise any Council policy decisions which may have an impact on the scheme*"

The approved incremental change for the 26/27 Financial Year takes this saving to £1.800m which presents significant risk when considering the outturn for 25/26.

At Quarter 2, the working assumption is that delivery of the £1.300m saving carried forward from 2025/26 remains achievable. However, it is considered unlikely that the additional £0.500m incremental saving required for 2026/27 will be delivered in full.

Delivery of the fixed savings value may require flexibility in the carry forward percentage applied to DSM balances.

Action	Target Date	Date Achieved

1. Ensure Head Teachers, supported by Finance Officers, undertake regular monitoring of DSM budgets to support delivery of approved savings and mitigate the risk of budget overspends.	31/03/27	ongoing
2. OMT briefing to all operational managers as a reminder of the requirement for rigorous cost control and proactive management of expenditure to support delivery of the agreed budget position.	24/08/26	24/08/26

Risks	**Mitigations**
1. DSM surplus balances may be insufficient to support the recurring saving on a sustainable basis, resulting in an adverse impact on the General Fund balance.	Ongoing monitoring of DSM balances and delivery of the saving will be undertaken through established budget monitoring arrangements, including the use of CIA Budget Manager Dashboards. Should available balances prove insufficient to support the savings target, consideration will be given to flexing the carry forward scheme parameters, including the percentage limit applied to retained balances, alongside the implementation of other management actions to mitigate any resultant pressure on the General Fund balance.
Recovery Plan (if applicable):	n/a

Savings Measure

Improvements in workforce practice
(HC 060325 E&L:8)

	26/27	27/28	28/29	Total
Target	0.020m	0.000m	0.000m	**0.020m**
Current Forecast	0.020m	0.000m	0.000m	**0.020m**
Actual to Date	0.020m	0.000m	0.000m	**0.020m**

RAG Status:	**RED**		**AMBER**		**GREEN**	x
PRMS Updated:	29/10/26					
Responsible Officer:	Kirsty MacPherson & Bernadette Martin-Scott					

Comments/Narrative:

Schools receive funding within their annual DSM budget allocation to meet the cost of teacher supply cover arising from staff absences. Where a school's expenditure on supply cover exceeds a specified threshold, which varies according to the size of the school, additional costs are met from a centrally held budget. The purpose of this savings measure is to delay the point at which central support is triggered, thereby encouraging schools to engage earlier with employees and take proactive steps to address sickness absence.

This saving has been delivered by increasing the expenditure thresholds at which supplementary budget allocations are triggered, as detailed below:

Supply Top Up Roll Banding	Original Threshold for Intervention	Revised Threshold for Intervention
Primary school roll up to 145	5% overspent	10% overspent
Primary school roll 146 to 333	10% overspent	15% overspent
Primary school roll 334 and above	15% overspent	20% overspent
All secondaries	20% overspent	25% overspent

The saving totals £0.050m and was phased in from the start of Academic Session 2025/26. Of this, £0.030m was delivered in financial year 2025/26, with the remaining £0.020m to be delivered in 2026/27.

Action	Target Date	Date Achieved
1. Revision to Supply Cover Intervention Thresholds in the DSM Scheme	18/08/25	18/08/25

Risks	Mitigations
1. Risk that schools do not reduce sickness absence.	Revised service structure alongside Occupational Health and Attendance Management Policies, promoting earlier intervention and improved management of sickness absence.

Recovery Plan (if applicable):	n/a

Savings Measure

Fees & Charges
(HC290224 CS:17)

	26/27	27/28	28/29	Total
Target	0.001m	0.000m	0.000m	**0.001m**
Current Forecast	0.001m	0.000m	0.000m	**0.001m**
Actual to Date	0.001m	0.000m	0.000m	**0.001m**

RAG Status:	**RED**		**AMBER**		**GREEN**	**x**
PRMS Updated:	29/10/26					
Responsible Officer:	All CO's					

Comments/Narrative:

Income targets to be uplifted by 3.8% per as agreed in March 2026 Budget.

The income target remains on track to be achieved, based on the Q2 revenue monitoring forecast. Progress will continue to be monitored throughout the remainder of the financial year.

Action	Target Date	Date Achieved
1. Income budgets to be uplifted by 3.8% per as agreed in March 2026 Budget.	30/06/26	30/06/26

Risks	Mitigations
1. Risk that income generation falls short of target, resulting in a budget pressure at year-end.	As the saving represents a relatively small proportion of the overall budget, any variance is expected to be manageable through normal budget management processes.

Recovery Plan (if applicable):	n/a

5. Tracking Investment

5.1. Summary of Investments

The table below reflects the Investments made as part of the Medium-Term Financial Plan.

Investment (Recurring)	Investment Value 26/27 £'000	Responsible Officer
Community Investment - Schools PEF top-up *(INV/5 HC 05.03.26)*	0.406m	Bernadette Martin-Scott
My Highland Future *(INV/9 HC 05.03.26)*	0.362m	Kirsty MacPherson
Total	**0.768m**	

Investment (Earmarked Reserves)	Investment Value 26/27 £'000	Responsible Officer
My Highland Future *(INV/9 HC 05.03.26)*	1.200m	Kirsty MacPherson
Total	**1.200m**	

5.2. Investment Plans/Actions

This section of the plan will be used by Chief Officers to set out progress and actions toward delivering the investments approved through the Medium-Term Financial Plan (MTFP). It will provide an update on how agreed investment proposals are being implemented, highlight any risks or delays, and outline the management actions in place to ensure delivery remains on track and aligned to strategic priorities.

Investment Proposal:
Community Investment - Schools PEF top-up (Recurring)
(INV/5 HC 05.03.26)

	26/27	27/28	28/29	Total
Target	0.406m	0.000m	0.000m	**0.406m**
Current Forecast	0.406m	0.000m	0.000m	**0.406m**
Actual to Date	0.320m	0.000m	0.000m	**0.320m**

There were two elements to this Investment;

1. £0.320m has been provided to enable the full £4.3m Pupil Equity Funding (PEF) to be distributed to schools (minus the cost of a single PEF coordinating officer). This has been factored into the PEF Planning Process and communicated to Head Teachers.

2. In addition, a further 2% equating to £0.086m intended to reflect that PEF criteria which has no rural weighting which results in many schools in Highland receiving very low or no PEF funding. This investment is held in a new fund, administered by the Welfare Advice Team, to make purchases on behalf of families following referral by schools or elected members linked to supporting educational and training expenses and opportunities.

Responsible Officer: Bernadette Martin-Scott

Action	Target Date	Date Achieved
1. PEF Officer to remove FCR Target from PEF Plans 26/27	30/06/26	30/06/26
2. Head Teachers informed of fund during budget engagement sessions.	27/02/26	27/02/26

Risks	Mitigations
n/a	n/a

Investment Proposal:
My Highland Future
(INV/9 HC 05.03.26)

	26/27	27/28	28/29	Total
Target	0.362m	0.040m	0.000m	**0.402m**
Current Forecast	0.212m	0.402m	0.000m	**0.402m**
Actual to Date	0.051m	0.000m	0.000m	**0.051m**

The budget includes provision for 6.0 FTE posts to support delivery of the Workforce North Programme within the My Highland Future Portfolio. Three of these posts were in place by July 2026, with a further two posts due to commence in November. Recruitment is ongoing for the remaining position. The full team is expected to be established by the end of the financial year. This addition to the core budget was phased in over 2 years to create an annual revenue budget of £0.402m from 27/28 onwards.

In addition to the core budget provision for the team £1.200m is held in an Earmarked Reserve to provide match funding for the launch of the scheme in conjunction with Skills Development Scotland, Business and other Local Authorities as part of the Regional Economic Growth Partnership.

PRMS Updated: 03/08/26

Responsible Officer: Kirsty MacPherson

Action	Target Date	Date Achieved
1. Progress recruitment to approved posts to support delivery of the Programme.	31/03/27	Ongoing

Risks	Mitigations
n/a	n/a

6. Value for Money

6.1. 5.1 Defining Value for Money

Best Value (BV) in Scottish local authorities is a statutory duty under the Local Government in Scotland Act 2003 to ensure continuous improvement in performance, balancing quality, cost, and sustainability. It mandates that councils deliver effective services through, efficiency, equality, and community collaboration.

5.2 Delivering Best Value within Highland

Chief Officers will provide narrative demonstrating how Best Value is being delivered within the Highland context, drawing on key returns relevant to their areas of service delivery.

Examples of data sources to assist in analysing Value for Money include;

- Annual Accounts
- Local Government Benchmarking Framework
- Local Financial Returns (LFR's)

The CO for Primary and Early Years is contributing to a corporate Best Value review through participation in national testing work focused on the scrutiny of Local Finance Returns. This work has a particular focus on Early Years budgets and involves collaboration with neighbouring local authorities, including Argyll and Bute and Aberdeenshire. Through benchmarking resource allocation and examining different delivery models, the work is identifying areas of effective practice, opportunities for greater efficiency, and potential approaches to improving outcomes across the sector. The findings from this review are intended to inform future service planning and resource allocation decisions, supporting the longer-term financial sustainability of the service while maintaining effective outcomes for children and families.

7. Reference Documents

7.1. Medium Term Financial Plan per March 2026 Council

7.2. CIA Finance System

7.2.1. CIA Resources Site
7.2.2. CIA Finance System CIA Sign-in Page

7.3. Financial Regulations

7.4. Procurement Guidance

7.4.1. Procurement Information & Guidance
7.4.2. Contract Standing Orders

7.5. Local Government Benchmarking Framework

7.6. Traineasy

Budget Savings Forecasts

Appendix 4

Saving / Income Generation	Month of Update	Latest Annual Forecast	Latest RAG	Annual Target	Forecast Under / Over Target	Comment	Scorecard
Service Redesign Pathways & Lifelong Learning - FY 26-29	M6 26/27	£193,000	●	£300,000	-£107,000	This figure is a combination of existing vacant and fixed-term posts which are being removed from the budget. Work continues on the redesign of the service which is intended to improve service delivery on a sustainable financial basis.	Savings & Income Non-DP
Efficiency Savings: Improvements in workforce practice - FY 25-27	M6 26/27	£20,000	●	£20,000	£0	Full Year Effect of Saving from 25/26 Academic Session.This action forms part of the year end accounting for DSM budgets and is expected to be delivered in full.	Savings & Income Non-DP
HLH Pathway to Sustainable Funding - FY 26-29	M6 26/27	£96,000	●	£96,000	£0	Adjustment made to the HLH Management Fee budget to reflect the implementation of this savings measure.	Savings & Income Non-DP
Improve Safer Routes to Schools - FY 26-29	M6 26/27	£102,000	●	£164,000	-£62,000	Savings have been applied to the Crossing Patrollers budget. Current vacancies are generating savings of £102k, which are contributing towards delivery of the agreed target. Safer routes to schools safety surveys are being carried out to identify where further adjustments can be made.	Savings & Income Non-DP
Non-Teaching Turnover Primary & Secondary - FY 26-29	M6 26/27	£821,000	●	£821,000	£0	Estimated to be on target per Q2 review	Savings & Income Non-DP
Operating Model: Realign resources to an area-based model to ensure better alignment - FY 25-28	M6 26/27	£225,000	●	£225,000	£0	Review of non schools-based staff across the Cluster to maximise cross service collaboration and minimie duplication. Full delivery of the identified savings anticipated within the financial year.	Savings & Income Non-DP
Operating Model: Review school needs to design integrated Single Status roles - FY 25-28	M6 26/27	£0	●	£100,000	-£100,000	Modelling of options to deliver this saving is currently being undertaken.	Savings & Income Non-DP
Realign Pre-School Staff Resource to an area-based model - FY 26-29	M6 26/27	£150,000	●	£150,000	£0	The Pre-School Home Visiting Team budget has been reduced accordingly, with full delivery of the identified savings anticipated within the financial year.	Savings & Income Non-DP
1% Efficiency Target: Savings - FY 26-27 || Education & Learning	M6 26/27	£153,000	●	£153,000	£0	Budgets adjusted accordingly and saving expected to be delivered in full.	Delivery Plan
Realign resource to establish Future Highland Academy - FY 26-29	M6 26/27	£100,000	●	£100,000	£0	Budgets adjusted accordingly and saving expected to be delivered in full.	Savings & Income Non-DP
Efficiency Savings: DSM adjustments - FY 24-27	M6 26/27	£1,300,000	●	£1,800,000	-£500,000	This action forms part of the year-end accounting process for DSM budgets and is expected to underachive by approximately £0.500m based on indications from the previous financial year. Progress towards this target will be monitored in year and pro-active engagement with school leaders to deliver a higher level of underspend by the end of the financial year.	Savings & Income Non-DP
Operating Model: Common framework for management & support arrangements - FY 25-28	M6 26/27	£0	●	£200,000	-£200,000	Initial scoping work has been undertaken to identify schools operating above their DSM entitlement in respect of management structures. All secondary Head Teachers have been advised of the savings requirement and the need to align management structures with DSM allocations. A targeted programme of engagement has been developed with affected schools to support the review and realignment of management structures, enabling the required savings to be delivered in a planned, sustainable, and equitable manner. Salary conservation entitlements mean that savings made are not immediatly bankable. Transitonal EMR Funding will be used to support this in year.	Savings & Income Non-DP
Income Generation: Flexible Childcare Income Uplift (Benchmarking Council Provision & Private Sector) - FY 26-29	M6 26/27	£54,000	●	£54,000	£0	Flexible Childcare income targets updated to reflect the approved uplift and are expected to be achieved in full in new session. Review of processes will consider whether additonal income can be made over the budgeted target to assist with delivering the wider Early Years' savings target.	Savings & Income Non-DP
Operating Model: Early Years Delivery Model: Savings FY 26-27	M6 26/27	£411,000	●	£500,000	-£89,000	Savings totalling £411k have been identified to date, with work continuing to secure delivery of the remaining balance.	Delivery Plan
Operating Model: Education: Primary Management Restructure - FY 26-27	M6 26/27	£495,000	●	£495,000	£0	Adjustments have been made to the Primary Staffing Entitlement with effect from August 2025, these changes along with the investment agreed as part of the budget in March 2025 has meant that the saving has been achieved	Savings & Income Non-DP
Reduction in overtime and agency spend || Education & Learning	M6 26/27	£2,000	●	£2,000	£0	Budgets adjusted accordingly and saving expected to be delivered in full.	Savings & Income Non-DP
Targeted reduction of staffing budgets|| Education & Learning	M6 26/27	£132,000	●	£132,000	£0	Budgets adjusted accordingly and saving expected to be delivered in full.	Savings & Income Non-DP
Fees & Charges: Income Forecast FY 26-29 || Education & Learning	M6 26/27	£1,000	●	£1,000	£0	Budgets adjusted accordingly and saving expected to be delivered in full	Delivery Plan
Future Operating Model: Savings - FY 24-27	M6 26/27	£100,000	●	£100,000	£0	Full Year Effect of Restructure Saving from 25/26	Delivery Plan