Agenda Item	9a
Report No	JMC/21/26

The Highland Council / NHS Highland

Committee: **Joint Monitoring Committee**

Date: **03 December 2026**

Report Title: **Highland Health & Social Care Partnership Finance Report – Month 6, 2026/2027**

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 6, 2026/2027 (September 2026).

2 Recommendations

2.1 Members are asked to:

i. **Note** the financial position at Month 6, 2026/2027 (September 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 2026/2027 financial year in March 2026. This plan presented an initial budget gap of £123.177m. When cost reductions/ improvements were factored in the net position was a gap of £36.957m. Notification of additional funding reduced the opening gap to £113.177m and brought the net gap down to £26.957m. This net gap reflects expected receipt of £40m deficit support funding.

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 and de-escalation.

6 Month 6 Position

6.1 At the end of September 2026 (Month 6) a year to date overspend of £34.122m is reported with this forecast to increase to £63.043m by the end of the financial year. Deficit Support funding will bring this down to £23.043m.

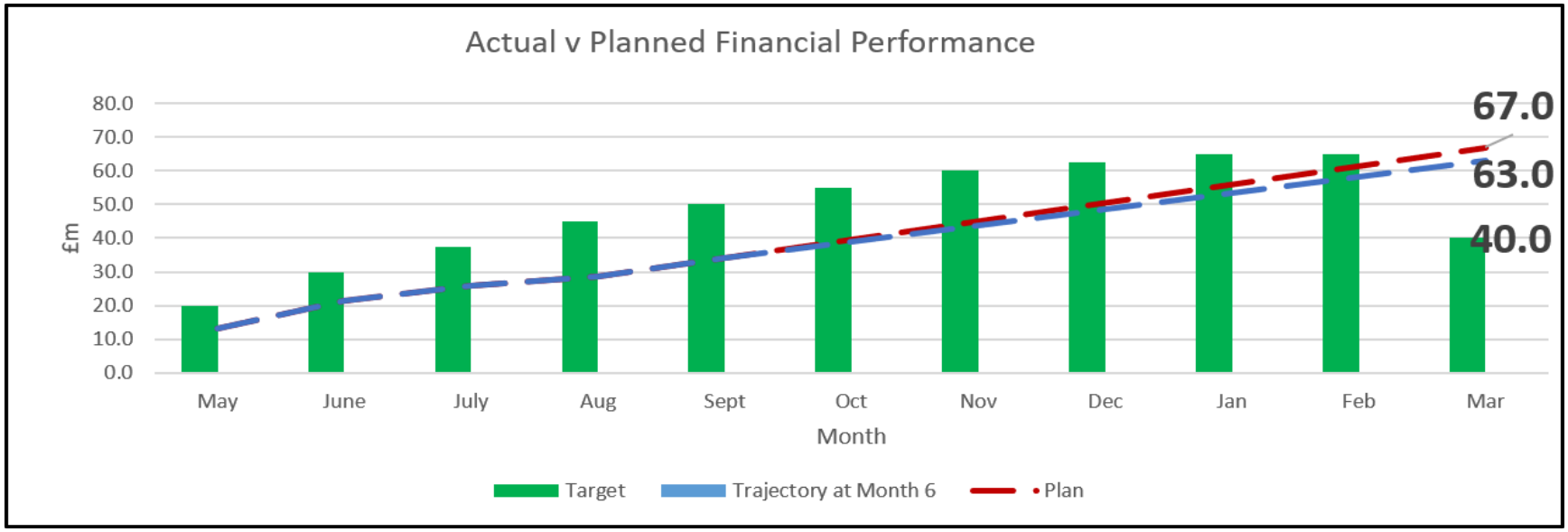
The HHSCP is reporting a year to date overspend of £15.092m with this forecast to increase to £33.608m by financial year end. £33.608m of this forecast overspend relates to Adult Social Care.

Designation:	Director of Finance, NHS Highland
Date:	18 November 2026
Author:	Elaine Ward, Deputy Director of Finance, NHS Highland
Background Papers:	N/A
Appendices:	Appendix 1 – Month 6 Finance Report JMC

Appendix 1

HHSCP Finance Report
Month 6 (September) 2026/2027
Joint Monitoring Committee – 3 December 2026

MONTH 6 2026/2027 – SEPTEMBER 2026

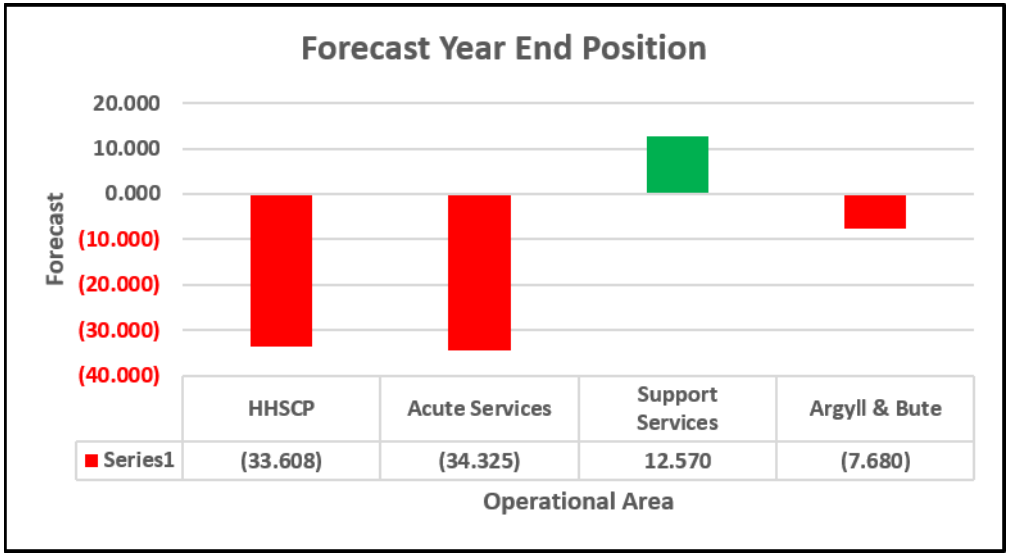


Target	YE Position £m
Delivery against Revenue Resource Limit (RRL) DEFICIT/ SURPLUS	63.0
Deliver against Plan DEFICIT/ SURPLUS	3.9
Deliver against Target DEFICIT/ SURPLUS	23.0

- No brokerage available in 2026/2027
- SG have indicated that deficit support funding of £40m will be available – this will be non-repayable
- Application of this funding will bring the forecast position down to £39.2m overspend
- Year end position is £63.0m worse than RRL, £3.9m better than the plan submitted to SG and £23.0m worse than the £40.0m target set by SG
- This forecast assumes delivery of a recovery plan to mitigate slippage on the V&E programme

MONTH 6 2026/2027 – SEPTEMBER 2026

Current Plan £m	Summary Funding & Expenditure	Plan To Date £m	Actual To Date £m	Variance To Date £m	Forecast Outturn £m	Forecast Variance £m
1,272.576	**Total Funding**	601.970	601.970	-	1,272.576	-
	Expenditure					
535.297	HHSCP	264.581	279.673	(15.092)	568.905	(33.608)
356.423	Acute Services	174.449	191.989	(17.540)	390.748	(34.325)
63.107	Support Services	13.225	14.833	(1.608)	50.538	12.570
954.828	**Sub Total**	**452.254**	**486.494**	**(34.240)**	**1,010.191**	**(55.363)**
317.748	Argyll & Bute	149.716	149.598	0.118	325.428	(7.680)
1,272.576	**Total Expenditure**	**601.970**	**636.092**	**(34.122)**	**1,335.619**	**(63.043)**



SUMMARY

- Year to date overspend of £34.122m reported with this forecast to increase to £63.043m by the end of the financial year
- This position is £3.9m better than the financial plan submitted to Scottish Government
- £31.007m of the year end forecast overspend relates to ASC
- The position reported reflects operational assessment of cost reductions/ improvements to financial year end
- A recovery plan has been developed to mitigate slippage on the V&E programme to enable delivery of this position

MONTH 6 2026/2027 – SEPTEMBER 2026 - HHSCP

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	HHSCP					
319.172	NH Communities	158.331	164.563	(6.231)	335.277	(16.104)
66.205	Mental Health Services	32.850	32.482	0.369	66.238	(0.033)
177.193	Primary Care	87.334	86.549	0.785	176.085	1.108
(27.274)	ASC Other includes ASC Income	(13.936)	(3.921)	(10.015)	(8.695)	(18.579)
535.297	**Total HHSCP**	**264.581**	**279.673**	**(15.092)**	**568.905**	**(33.608)**
	HHSCP					
338.694	Health	167.064	167.046	0.018	341.295	(2.601)
196.603	Social Care	97.516	112.626	(15.110)	227.610	(31.007)
535.297	**Total HHSCP**	**264.581**	**279.673**	**(15.092)**	**568.905**	**(33.608)**

- YTD overspend of £15.092m reported with this forecast to increase to £33.608m by the end of the financial year
- Full year ASC overspend currently forecast at £31.007m
- £14.212m of the overspend within NH Communities relates to ASC
- Within Mental Health supplementary staffing spend and non-achievement of savings are mitigated in part by vacancies
- Locum costs of £1.849m within Primary Care are mitigated by a significant number of vacancies

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	390	2,597
Agency (Nursing)	172	1,538
Bank	823	5,045
Agency (Non Med)	212	1,340
Total	**1,597**	**10,521**

MONTH 6 2026/2027 – SEPTEMBER 2026 – NH COMMUNITIES

Current Plan £000	Detail	Plan to Date £000	Actual to Date £000	Variance to Date £000	Forecast Outturn £000	Var from Curr Plan £000
89.985	Inverness & Nairn	45.030	46.894	(1.864)	96.722	(6.737)
66.527	Ross-shire & B&S	32.933	35.787	(2.855)	70.850	(4.323)
56.905	Caithness & Sutherland	28.189	28.961	(0.771)	58.283	(1.378)
68.214	Lochaber, SL & WR	33.916	33.686	0.230	68.790	(0.576)
18.056	Management	8.803	10.080	(1.277)	21.710	(3.654)
8.980	Community Other AHP	4.468	3.983	0.485	8.053	0.926
10.506	Hosted Services	4.993	5.171	(0.179)	10.869	(0.363)
319.172	**Total NH Communities**	**163.324**	**169.734**	**(6.231)**	**346.145**	**(16.104)**
111.231	**Health**	**54.754**	**55.010**	**(0.256)**	**113.123**	**(1.892)**
207.941	**ASC**	**108.570**	**114.724**	**(5.976)**	**233.022**	**(14.212)**

- A YTD overspend of £6.231m is reported at the end of Month 6 with this forecast to increase to £16.104m by financial year end.
- £14.212m of the forecast overspend relates to Adult Social Care
- Locum cover within the Highland Hub and Out of Hour services is contributing £0.194m to the Health overspend
- Nursing supplementary staffing spend is being mitigated by a significant number of vacancies across all areas
- There are still a number of unfunded services but the costs associated with these are currently being mitigated by the high number of vacancies
- Non pay pressures relating to prescribing, the community equipment store and SLAs are built into the forecast

MONTH 6 2026/2027 – SEPTEMBER 2026 – MH & LD SERVICES

Current Plan £m's	Summary Funding & Expenditure	Plan to Date £m's	Actual to Date £m's	Variance to Date £m's	Forecast Outturn £m's	Var from Curr Plan £m's
	Mental Health Services					
50.092	Adult Mental Health	24.975	24.370	0.604	49.618	0.472
10.618	CMHT	5.236	5.057	0.179	10.324	0.294
1.662	LD	0.853	1.274	(0.421)	2.537	(0.876)
3.835	D&A	1.787	1.780	0.007	3.758	0.076
66.206	**Total Mental Health Services**	**32.850**	**32.482**	**0.369**	**66.238**	**(0.033)**
50.269	**Health**	**24.976**	**25.488**	**(0.512)**	**52.086**	**(1.817)**
15.936	**ASC**	**7.875**	**6.994**	**0.881**	**14.153**	**1.784**

- YTD underspend of £0.369m reported with this forecast to move to an overspend of £0.033m by the end of the financial year
- Health are forecasting an overspend of £1.817m – the main drivers being locums and nursing supplementary staffing spend to cover vacancies. Vacancies are in part mitigating the premium cost associated with supplementary staffing arrangements

MONTH 6 2026/2027 – SEPTEMBER 2026 – PRIMARY CARE

Current Plan £m's	Detail	Plan to Date £m's	Actual to Date £m's	Variance to Date £m's	Forecast Outturn £m's	Var from Curr Plan £m's
	Primary Care					
66.103	GMS	32.704	33.619	(0.915)	67.833	(1.730)
73.270	GPS	36.490	35.154	1.336	72.340	0.930
27.052	GDS	13.565	12.663	0.901	25.356	1.696
6.649	GOS	3.424	3.432	(0.007)	6.663	(0.014)
4.120	Primary Care Central Costs	1.152	1.681	(0.530)	3.894	0.226
177.193	**Total Primary Care**	**87.334**	**86.549**	**0.785**	**176.085**	**1.108**

- YTD underspend of £0.785m reported with this forecast to increase to £1.108m by the end of the financial year
- Vacancies within 2C practices and dental services are the main factors contributing to this position
- Locum costs of £1.849m within Primary Care are mitigated by a significant number of vacancies

MONTH 6 2026/2027 – ADULT SOCIAL CARE

Services Category	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m	Outturn £m	YE Variance £m
Total Older People - Residential/Non Residential Care	73.408	35.339	37.380	(2.040)	76.118	(2.710)
Total Older People - Care at Home	44.315	22.195	23.990	(1.795)	49.030	(4.716)
Total People with a Learning Disability	56.853	28.450	30.079	(1.629)	62.490	(5.637)
Total People with a Mental Illness	12.244	6.100	5.435	0.666	10.979	1.265
Total People with a Physical Disability	10.945	5.502	5.463	0.039	11.256	(0.311)
Total Other Community Care	14.490	7.239	6.534	0.705	13.629	0.860
Total Support Services	(15.651)	(7.309)	3.583	(10.892)	3.892	(19.543)
Care Home Support/Sustainability Payments	-	-	0.164	(0.164)	0.216	(0.216)
Total Adult Social Care Services	**196.603**	**97.516**	**112.626**	**(15.110)**	**227.610**	**(31.007)**

ADULT SOCIAL CARE

- An overspend of £31.007m is forecast by the end of the financial year
- Costs continue to rise due to further high cost packages being in place and a significant increase in SDS Option 1 packages
- 2 significant reductions in the quantum over recent years in addition to a static funding level continues to contribute to the ASC funding gap/ overspend position
- £2.942m of supplementary staffing costs within in-house care homes are included within the position

MONTH 6 2026/2027 – ADULT SOCIAL CARE

NHS Highland na Gàidhealtachd

NHSH Care Homes Supplementary Staffing

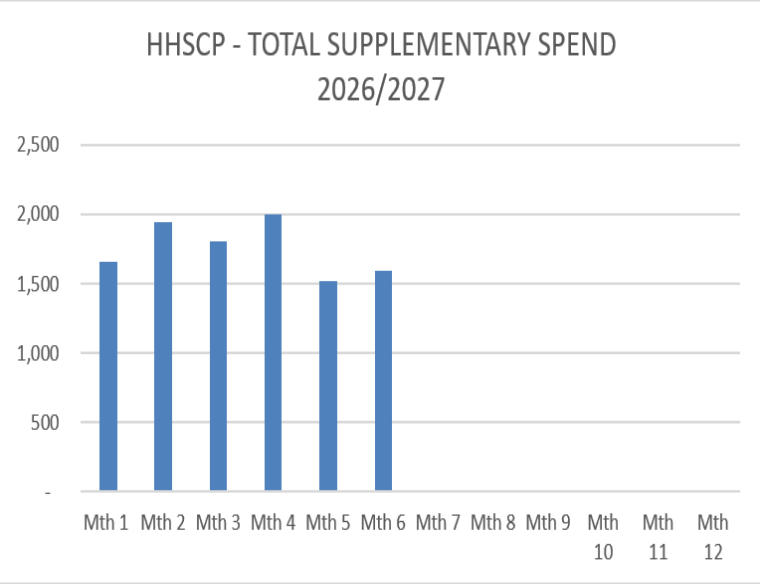
Care Home	Agency £000's	Bank £000's	Month 6 Agency YTD £000s	Bank YTD £000s	Total YTD £000's
Ach an Eas	1	32	1	215	215
An Acarsaid	4	7	27	62	89
Bayview House	0	50	16	216	232
Caladh Sona	-	-	-	-	-
Dail Mhor House	-	2	-	5	5
Grant House	12	10	43	42	85
Home Farm	65	19	386	99	486
Invernevis	17	18	127	124	251
Lochbroom	1	18	1	141	142
Mackintosh Centre	1	3	1	13	15
Mains House	34	11	192	56	248
Moss Park	85	9	433	56	489
Melvich	4	1	4	8	12
Pulteney	-	40	1	219	220
Seaforth	-	27	-	171	171
Strathburn	2	4	7	38	45
Telford	12	4	98	14	113
Wade Centre	6	16	11	114	125
Total	**244**	**270**	**1,348**	**1,594**	**2,942**

- The level of spend continues to increase across a number of care homes
- Spend at the end of Month 6 is £0.283m higher than the corresponding period in 2025/2026
- The ongoing reliance on supplementary staffing and increasing costs contradicts the ASC financial plan where there is an assumption that this reliance can reduced

MONTH 6 2026/2027 – SEPTEMBER 2026
SUPPLEMENTARY STAFFING

	2026/2027 YTD £'000	2025/2026 YTD £'000	Inc/ (Dec) YTD £'000
HHSCP	10,522	10,568	(46)

Recorded spend at end of Month 6 is £0.046m lower than at same point in 2025/2026



Month 6 spend is £0.080m higher than Month 5

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	Pay			
30.409	Medical & Dental	14.655	14.906	(0.251)
5.016	Medical & Dental Support	2.508	2.462	0.046
82.428	Nursing & Midwifery	40.217	40.586	(0.369)
20.392	Allied Health Professionals	10.159	9.479	0.680
0.035	Healthcare Sciences	0.018	0.000	0.018
13.397	Other Therapeutic	6.627	5.757	0.871
8.048	Support Services	4.028	4.042	(0.014)
26.867	Admin & Clerical	13.244	12.417	0.827
0.409	Senior Managers	0.205	0.085	0.120
63.676	Social Care	32.808	29.334	3.474
0.454	Ambulance Services	0.227	0.314	(0.087)
(3.764)	Vacancy factor/pay savings	(1.840)	0.002	(1.842)
247.367	Total Pay	122.855	119.383	3.472

Value & Efficiency Position for the FY 2026-27 Month 6

Summary

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

2026-27 Value & Efficiency Plan (£'000)										
Reduction Programmes - Area	Allocated Target	Original Plan (£'000)	Annual Plan Forecasted (£'000)	Plan GAP (Target to Forecasted Plan)	Budget Savings Achieved YTD (£'000)	Cost Reductions Achieved YTD (£'000)	Savings Achieved YTD (£'000)	Actual Savings Achieved in M6	Total Budget Savings Achieved for full Year (£'000)	Full Year Savings Next Year 2027-28 (£'000)
North Highland	**24,129**	13,813	11,896	-12,233	2,517	3,573	**6,090**	1,039	4,327	9,429
Argyll & Bute	**8,414**	8,414	7,419	-995	2,520	0	**2,520**	504	7,419	1,409
Total Value & Efficiency	**32,543**	**22,227**	19,315	-13,228	**5,037**	**3,573**	**8,610**	1,542	**11,746**	**10,838**
Adult Social Care	**6,581**	1,967	1,955	-4,626	0	1,097	**1,097**	142	0	1,967
Total Value & Efficiency incl ASC	**39,124**	**24,194**	**21,270**	**-17,854**	**5,037**	**4,670**	**9,707**	**1,685**	**11,746**	**12,805**

2026-2027 V&E Target of £39.124m
Gap of £17.854m of plans against target
54% of Target being forecast to be achieved
Full year savings for 2027-2028 includes Budget savings and cost reductions

Value & Efficiency Position for the FY 2026-27 M6

Summary of Movement

2025-26 Value & Efficiency Plan (£'000) MOVEMENT						
Reduction Programmes - Area	Annual Plan Forecasted M6	Annual Plan Forecasted M5	Movement	Savings Achieved M6	Savings Achieved M5	Movement
Value & Efficiency - North Highland	11,896	10,903	993	7,900	6,595	1,306
Value & Efficiency - Argyll & Bute	7,419	7,419	0	7,419	7,419	0
Total Value & Efficiency	19,315	18,322	993	15,319	14,014	1,306
Value & Efficiency - ASC	1,955	1,101	854	1,097	955	142
Total Value & Efficiency incl ASC	21,270	19,423	1,847	16,416	14,968	1,448

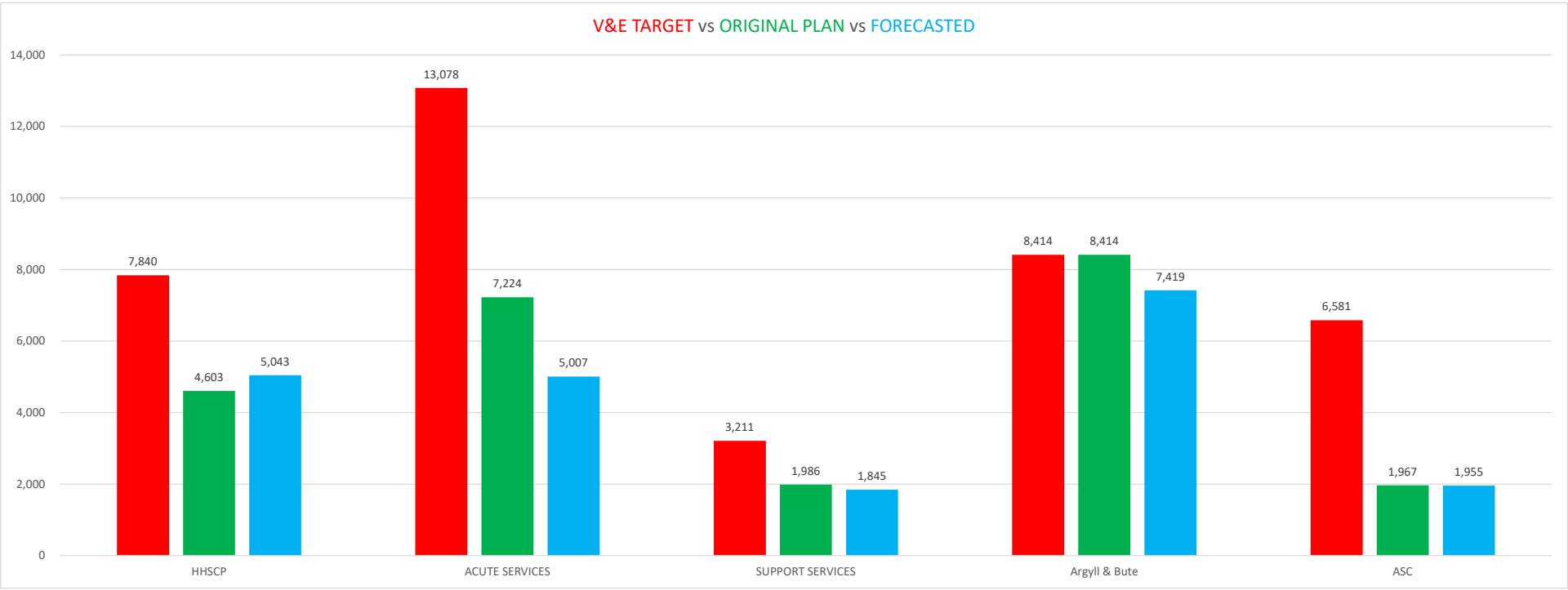
Increase of forecasted plans of £1.847m from Month 5

- HHSCP- Primary Care Drugs £266k
- HHSCP – Travel/Non-Pay £166k
- Acute - Workforce £339k
- Support Services – Estates & Infrastructure £384k
- Support Services – Strategy & Transformation £73k
- Support Services – Financial Management £92k

Savings Achieved include the Annual budget savings & YTD Cost Reductions

Value & Efficiency Position for the FY 2026-27 M6

Target, Original Plan and Forecasted Plan as per Area



Value & Efficiency Position for the FY 2026-27 M6

HHSCP Savings

Reduction Programmes	Value & Efficiency Plan as per Scheme				Savings Achieved 2026/2027			Movement Achieved YTD		Savings Achieved 2027/2028
	Allocated Target	Original Plan (April 2026) (£'000)	Annual Plan Forecasted (£'000)	GAP (Target less Risk Adj Forecast)	Budget Savings Achieved YTD (£'000)	Cost Reductions Achieved YTD (£'000)	Savings Achieved YTD (£'000)	YTD Savings Achieved M5	Movement	Full Year Savings Next Year (Budget & Cost Reductions) 2027-28 (£'000)
HHSCP										
Primary Care Drugs		2,501	2,767		655	1,016	1,671	1,364	307	1,603
HHSCP - MH - Reduction in Costs/Number of Patients in Out of Are		500	871		0	871	871	871	0	871
HSPC - MH&LD - Predicted Absence Allowance		113	113		0	0	0	0	0	0
Supplementary Staffing - NH Community		200	30		0	0	0	0	0	0
HHSCP - NH Community Travel		100	152		0	92	92	42	50	0
MH&LD Drug Budget		10	10		0	5	5	4	1	0
HHSCP NH Overnight Care ER		50	0		0	0	0	0	0	0
MHLD Business Support		37	33		0	8	8	4	4	0
MHLD Medical Supplementary Staffing Reduction in Locum Costs		50	50		0	25	25	21	4	0
MHLD Notes Retrieval		5	5		0	2	2	2	0	0
NCH Supplementary Staffing - New Craigs Hospital		426	426		0	213	213	53	160	0
Police Custody / SARCS / FME		100	100		0	14	14	0	14	0
Prison Healthcare		49	0		0	0	0	0	0	0
Dental - Stage 2 Budget Review - Non Pay and Income		250	305		152	0	152	127	25	305
Supplementary Staffing Primary Care 2C		144	108		0	0	0	0	0	144
HHSCP Clinical Stores		15	10		0	0	0	0	0	15
Psychology Services Travel, Accommodation and PSDS Reclaim Et		0	10		0	0	0	0	0	10
Medical Reception Cover Contract		54	54		27	0	27	0	27	54
Total HHSCP	**7,840**	**4,603**	**5,043**	**-2,797**	**835**	**2,246**	**3,080**	**2,487**	**593**	**3,002**