

**NHS Highland**



**Meeting:** NHS Highland Board Meeting  
**Meeting date:** 26 May 2026  
**Title:** Finance Report – Month 12 2025/2026  
**Responsible Executive/Non-Executive:** Heledd Cooper, Director of Finance  
**Report Author:** Elaine Ward, Deputy Director of Finance

**Report Recommendation:**

The Committee is asked to **Examine** and **Consider** the content of the report and take **Moderate Assurance**.

**1 Purpose**

This is presented to the NHS Highland Board for:

- Assurance

This report relates to a:

- Annual Operating Plan

This report will align to the following NHSScotland quality ambition(s):

Safe, Effective and Person Centred

This report relates to the following Strategic Outcome(s)

Start Well		Thrive Well		Stay Well		Anchor Well	
Grow Well		Listen Well		Nurture Well		Plan Well	
Care Well		Live Well		Respond Well		Treat Well	
Journey Well		Age Well		End Well		Value Well	
Perform well	X	Progress well		<b>All Well Themes</b>			

## 2 Report summary

### 2.1 Situation

This report is presented to enable discussion on the NHS Highland draft financial position at Month 12 (March) 2025/2026. This position should be considered draft at this time as still subject to final adjustments and audit scrutiny.

### 2.2 Background

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

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

### 2.3 Assessment

At the end of March 2026 (Month 12) a year to date overspend of £39.9 million is reported. After the application of £40 million deficit support funding a year end underspend of £0.147m is reported. This position includes an overspend of £21.844m within ASC. Delivery of this position has been supported by the deficit support funding received from Scottish Government, a contribution to the ASC position from the Highland Council and system pressure funding from SG.

### 2.4 Proposed level of Assurance

Substantial	<input type="checkbox"/>	Moderate	<input checked="" type="checkbox"/>
Limited	<input type="checkbox"/>	None	<input type="checkbox"/>

#### Comment on the level of assurance

Moderate Assurance is provided given that a balanced position is being presented subject to external audit scrutiny. The position reported aligns with the Scottish Government expected position but still presents a position with is significantly adrift from financial balance.

### **3 Impact Analysis**

#### **3.1 Quality/ Patient Care**

The impact of quality of care and delivery of services is assessed at an individual scheme level using a Quality Impact Assessment tool. All savings are assessed using a Quality Impact Assessment (QIA).

#### **3.2 Workforce**

There is both a direct and indirect link between the financial position and staff resourcing and health and wellbeing. Through utilisation of the QIA tool, where appropriate, the impact of savings on these areas is assessed.

#### **3.3 Financial**

Scottish Government has recognised the financial challenge on all Boards for 2025/26 and beyond and are continuing to provide additional support to develop initiatives to reduce the cost base both nationally and within individual Boards. NHS Highland continues to be escalated at level 3 in respect of finance.

#### **3.4 Risk Assessment/Management**

There is a risk associated with the ongoing financial sustainability of the Board. The Board continues to review this position and seeks to develop further plans to generate cost reductions/ improvements and seek mitigating actions which support the current forecast and a longer term plan and financial model.

#### **3.5 Data Protection**

There are no Data Protection risks associated with this report.

#### **3.6 Equality and Diversity, including health inequalities**

An impact assessment has not been completed because it is not applicable

#### **3.7 Other impacts**

None

#### **3.8 Communication, involvement, engagement and consultation**

The Board has carried out its duties to involve and engage both internal and external stakeholders where appropriate through the following meetings:

- Executive Directors Group – via monthly updates and exception reporting
- Finance, Resources and Performance Committee
- Monthly financial reporting to Scottish Government

**3.9 Route to the Meeting**

This has been previously considered by the following groups as part of its development. The groups have either supported the content, or their feedback has informed the development of the content presented in this report.

- EDG
- FRPC

**4.1 List of appendices**

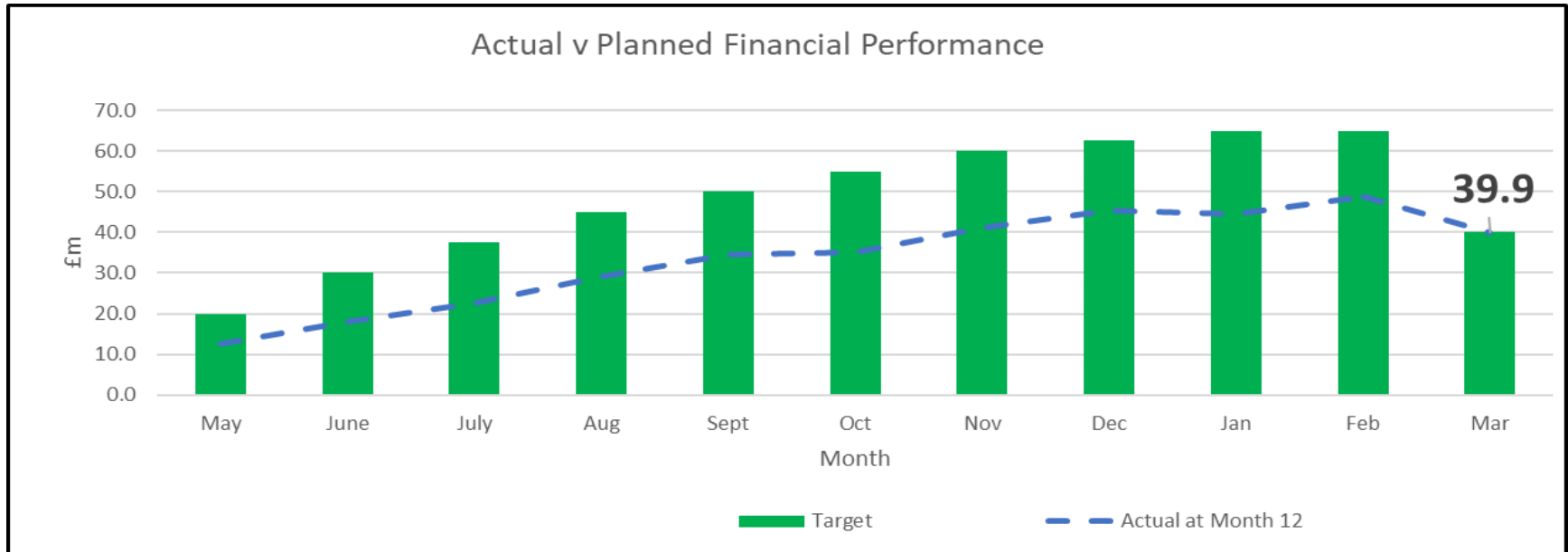
Finance Report – Month 12 (March) 2025/2026

# Finance Report –Month 12 (March) 2025/2026

(Subject to final amendments and Audit)

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# MONTH 12 2025/2026 – MARCH 2026



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

- No brokerage available in 2025/2026
- SG requested plan with a deficit no greater than £40m
- SG have previously confirmed that an allocation of £40m (non-repayable) will be made to cover the planned overspend
- Draft year end position is £39.9m worse than RRL and £0.1m less than the target set by SG
- SG have provided a further £10m to support the Board position and this is reflected within the position

# MONTH 12 2025/2026 – MARCH 2026

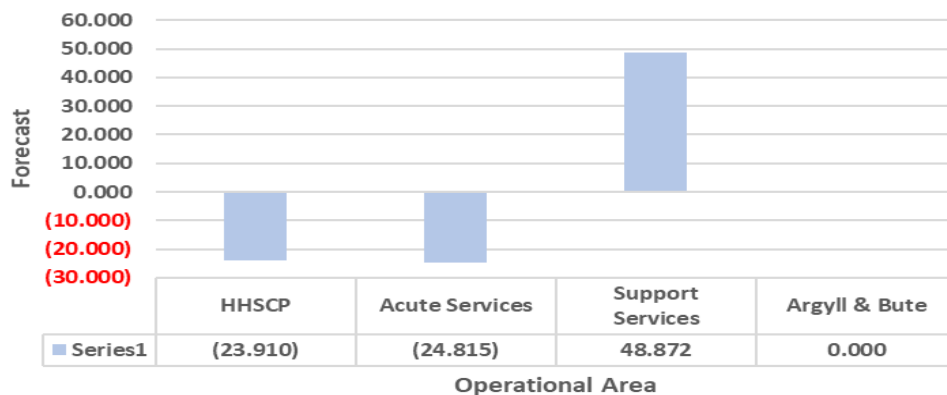


Current Plan £m	Summary Funding & Expenditure	Plan To Date £m	Actual To Date £m	Variance To Date £m
1,407.749	<b>Total Funding</b>	1,407.749	1,407.749	-
	<b>Expenditure</b>			
515.106	HHSCP	515.106	539.015	(23.910)
348.158	Acute Services	348.158	372.974	(24.815)
248.787	Support Services	248.787	199.915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

## MONTH 12 2025/2026 SUMMARY

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

Forecast Year End Position



# MONTH 12 2025/2026 – MARCH 2026



Summary Funding & Expenditure	Current Plan £m
<b>RRL Funding - SGHSCD</b>	
Baseline Funding	978.843
Baseline Funding GMS	5.291
FHS GMS Allocation	84.454
Supplemental Allocations	112.424
Non Core Funding	43.71
<b>Total Confirmed SGHSCD Funding</b>	<b>1,224.720</b>
<b>Anticipated funding</b>	
Non Core allocations	45.941
Core allocations	0.000
Total Anticipated Allocations	45.941
<b>Total SGHSCD RRL Funding</b>	<b>1,270.661</b>
<b>Integrated Care Funding</b>	
Adult Services Quantum from THC	149.282
Childrens Services Quantum to THC	(12.194)
Total Integrated care	137.088
<b>Total NHS Highland Funding</b>	<b>1,407.749</b>

## FUNDING

- £1,407.749m of funding confirmed at this stage in the year end process
- Ongoing discussion with SG Finance to finalise some allocations

# MONTH 12 2025/2026 – MARCH 2026



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

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

## HHSCP

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

# MONTH 12 2025/2026 – ADULT SOCIAL CARE



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

## ADULT SOCIAL CARE

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

# MONTH 12 2025/2026 – ADULT SOCIAL CARE



## NHSH Care Homes Supplementary Staffing

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

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

# MONTH 12 2025/2026 – MARCH 2026



Current Plan £000	Division	Plan to Date £000	Actual to Date £000	Variance to Date £000
94.852	Medical Division	94.852	108.720	(13.869)
26.486	Cancer Services	26.486	28.113	(1.627)
80.707	Surgical Specialties	80.707	86.386	(5.679)
42.291	Woman and Child	42.291	43.476	(1.185)
50.265	Clinical Support Division	50.265	52.372	(2.107)
(9.216)	Raigmore Senior Mgt & Central Cost	(9.216)	(9.194)	(0.022)
30.635	NTC Highland	30.635	29.048	1.587
<b>316.019</b>	<b>Sub Total - Raigmore</b>	<b>316.019</b>	<b>338.920</b>	<b>(22.902)</b>
15.502	Belford	15.502	15.960	(0.458)
16.638	CGH	16.638	18.093	(1.455)
<b>348.158</b>	<b>Total for Acute</b>	<b>348.158</b>	<b>372.974</b>	<b>(24.815)</b>

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	1,160	13,216
Agency (Nursing)	83	826
Bank	728	9,079
Agency (Non Med)	(44)	1,446
<b>Total</b>	<b>1,927</b>	<b>24,566</b>

## ACUTE

- £24.815m overspend reported
- Supplementary staffing continues to impact the financial position with £24.566m spend during the year
- £0.617m pressure relating to non-compliant resident doctor rotas within the position
- Further £0.778m of a pressure from resident doctor expansion posts

# MONTH 12 2025/2026 – MARCH 2026



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	<b>Support Services</b>			
52.368	Central Services	52.368	50.339	2.028
46.245	Central Reserves	46.245	-	46.245
46.982	Corporate Services	46.982	43.440	3.541
55.674	Estates Facilities & Capital Planning	55.674	53.539	2.135
17.586	eHealth	17.586	19.295	(1.708)
29.933	Tertiary	29.933	33.302	(3.370)
<b>248.787</b>	<b>Total</b>	<b>248.787</b>	<b>199.915</b>	<b>48.872</b>

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	854	889
Agency (Nursing)	-	(55)
Bank	811	3,823
Agency (Non Med)	143	582
<b>Total</b>	<b>1,809</b>	<b>5,239</b>

## SUPPORT SERVICES

- Underspend of £48.872m reported – this reflects deficit support funding received from Scottish Government
- The receipt of ADEL funding and lower than anticipated utility costs has masked pressures relating to the cost of provisions within Estates, Facilities & Capital Planning
- Within eHealth further increases in the costs of service contracts continues to be the main driver for the overspend. These increases relate to above inflationary uplifts and increasing activity
- Out of Area Forensic Psychiatry costs, rheumatology drugs and increasing SLA costs drive the overspend within Tertiary

# MONTH 12 2025/2026 – MARCH 2026



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	<b>Argyll &amp; Bute - Health</b>			
167.301	Hospital & Community Services	167.301	167.528	(0.227)
21.350	Acute & Complex Care	21.350	21.513	(0.163)
13.517	Children & Families	13.517	13.416	0.100
45.648	Primary Care inc NCL	45.648	46.035	(0.387)
25.931	Prescribing	25.931	24.991	0.941
13.735	Estates	13.735	13.997	(0.262)
8.107	Management Services	8.107	7.788	0.319
1.077	Central/Public health	1.077	0.430	0.647
(0.968)	Central Held Savings	(0.968)	-	(0.968)
<b>295.698</b>	<b>Total Argyll &amp; Bute</b>	<b>295.698</b>	<b>295.698</b>	<b>-</b>

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum & Agency Medical/GP	486	6,494
Agency (Nursing)	67	1,158
Bank	226	3,379
Agency (Non Med)	81	506
<b>Total</b>	<b>861</b>	<b>11,537</b>

## ARGYLL & BUTE

- A breakeven position is reported within A&B
- Supplementary staffing spend for the full year is £11.537m
- Out of area long stay patient treatments continue to impact on the position - £0.864m
- No additional charge payable to NHS Greater Glasgow & Clyde for the 2025/2026 financial year

# MONTH 12 2025/2026 – VALUE & EFFICIENCY



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

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

Reduction Programmes - Area	100%			Risk Adjusted Forecast (RAF)			Savings Achieved				
	Allocated Target	Current Plan	Plan GAP	Allocated Target	Risk Adjusted Forecast (RAF)	Risk Adjusted Plan GAP	Allocated Target	Budget Savings Achieved	Cost Reductions Achieved	Total Savings Achieved	Current Savings GAP
Value & Efficiency - North Highland	22,291	18,663	-3,628	22,291	18,663	-3,628	22,291	9,163	9,500	18,663	-3,628
Value & Efficiency - Argyll & Bute	7,852	6,365	-1,487	7,852	6,365	-1,487	7,852	6,365	0	6,365	-1,487
<b>Total Value &amp; Efficiency</b>	<b>30,143</b>	<b>25,028</b>	<b>-5,115</b>	<b>30,143</b>	<b>25,028</b>	<b>-5,115</b>	<b>30,143</b>	<b>15,528</b>	<b>9,500</b>	<b>25,028</b>	<b>-5,115</b>
Value & Efficiency - ASC	6,192	2,607	-3,585	6,192	2,607	-3,585	6,192	0	2,607	2,607	-3,585
<b>Total Value &amp; Efficiency incl ASC</b>	<b>36,335</b>	<b>27,635</b>	<b>-8,699</b>	<b>36,335</b>	<b>27,635</b>	<b>-8,699</b>	<b>36,335</b>	<b>15,528</b>	<b>12,108</b>	<b>27,635</b>	<b>-8,699</b>

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

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

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

# MONTH 12 2025/2026 – VALUE & EFFICIENCY RECURRING/ NON-RECURRING BREAKDOWN



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

Reduction Programmes as per Area and Recurrence	100%			Risk Adjusted Forecast (RAF)			Savings Achieved			
	Current Plan	Recurrent	Non-Recurrent	Risk Adjusted Forecast (RAF)	Recurrent	Non-Recurrent	Allocated Target	Recurrent	Non-Recurrent	Current Savings GAP
% of the Plan/Target	As % of Current Plan	70%	30%	As % of Risk Adj Forecast	70%	30%	As % of Allocated Target	53%	23%	
Value & Efficiency - North Highland	18,663	15,198	3,465	18,663	15,198	3,465	22,291	15,198	3,465	-3,628
Value & Efficiency - Argyll & Bute	6,365	2,615	3,750	6,365	2,615	3,750	7,852	2,615	3,750	-1,487
<b>Value &amp; Efficiency (North Highland)</b>	<b>25,028</b>	<b>17,813</b>	<b>7,215</b>	<b>25,028</b>	<b>17,813</b>	<b>7,215</b>	<b>30,143</b>	<b>17,813</b>	<b>7,215</b>	<b>-5,115</b>
Value & Efficiency - ASC	2,607	1,405	1,202	2,607	1,405	1,202	6,192	1,405	1,202	-3,585
<b>Total Value &amp; Efficiency incl ASC</b>	<b>27,635</b>	<b>19,217</b>	<b>8,418</b>	<b>27,635</b>	<b>19,217</b>	<b>8,418</b>	<b>36,335</b>	<b>19,217</b>	<b>8,418</b>	<b>-8,699</b>

The total planned savings (100% plan) are £27,635m with £19,217m being recurrent.

At Month 12, savings reported represent actual delivery and are therefore not subject to risk adjustment

The savings plans from North Highland make up the largest contribution across all areas.

# MONTH 12 2025/2026 – MARCH 2026

## SUPPLEMENTARY STAFFING



	2025/2026 YTD £'000	2024/2025 YTD £'000	Inc/ (Dec) YTD £'000
HHSCP	21,617	20,928	689
Estates & Facilities	1,732	1,684	49
E Health	2	9.86	(8)
Corporate	681	943	(263)
Central	2,903	4,272	(1,369)
Acute	24,566	24,867	(300)
Tertiary	-	-	-
Argyll & Bute	11,537	12,905	(1,368)
<b>TOTAL</b>	<b>63,038</b>	<b>65,609</b>	<b>(2,571)</b>

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	<b>Pay</b>			
144.867	Medical & Dental	144.867	151.733	(6.866)
7.683	Medical & Dental Support	7.683	9.564	(1.881)
252.060	Nursing & Midwifery	252.060	253.835	(1.775)
46.778	Allied Health Professionals	46.778	43.600	3.178
18.741	Healthcare Sciences	18.741	18.283	0.458
27.804	Other Therapeutic	27.804	25.151	2.653
53.597	Support Services	53.597	51.018	2.579
95.510	Admin & Clerical	95.510	90.401	5.109
3.469	Senior Managers	3.469	3.378	0.091
67.634	Social Care	67.634	60.752	6.882
(3.360)	Vacancy factor/pay savings	(3.360)	0.005	(3.365)
714.782	<b>Total Pay</b>	714.782	707.721	7.061

### SUPPLEMENTARY STAFFING

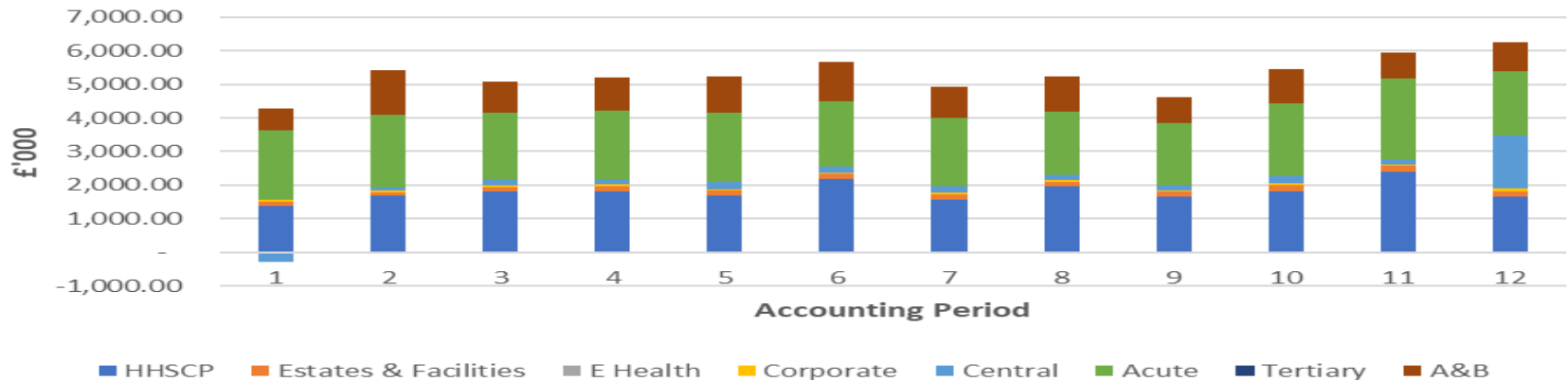
- Recorded spend at end of Month 12 is £2.571m lower than at same point in 2024/2025
- Pay underspend of £7.061m reported at the end of Month 12

# MONTH 12 2025/2026 – MARCH 2026

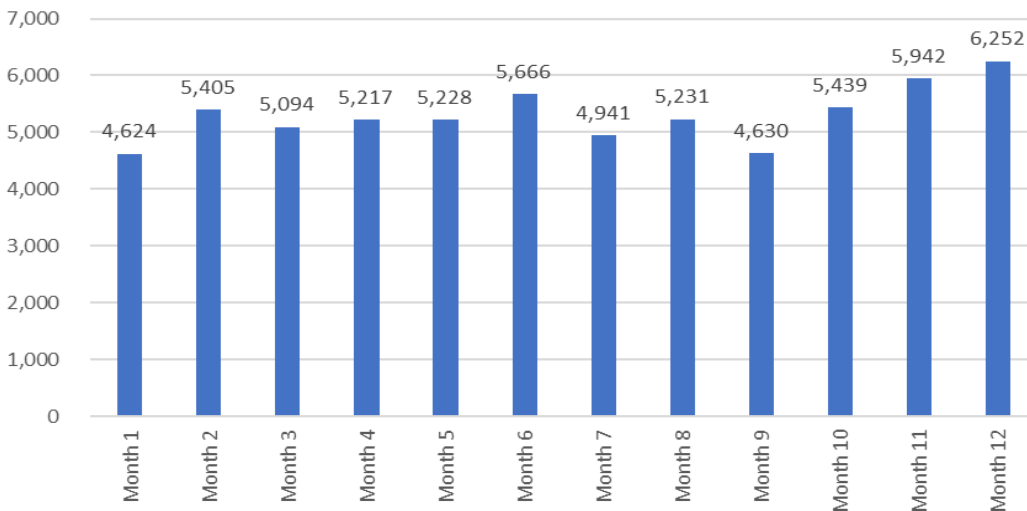
## SUPPLEMENTARY STAFFING



Supplementary Staffing Apr 25 - Mar 26



Supplementary Staffing Total Spend 2025/2026



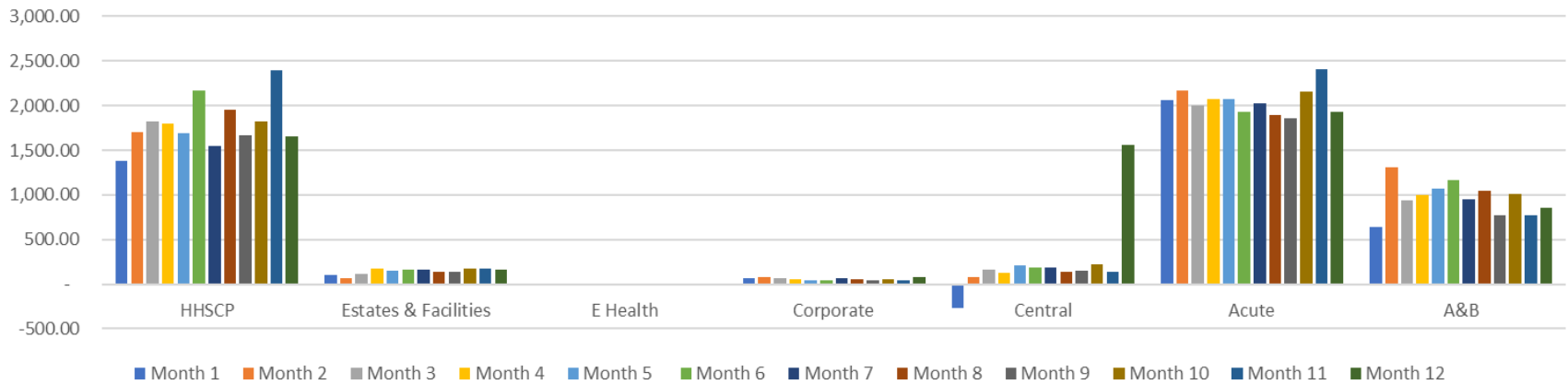
- Month 12 spend is £0.311m higher than Month 11

# MONTH 12 2025/2026 – MARCH 2026

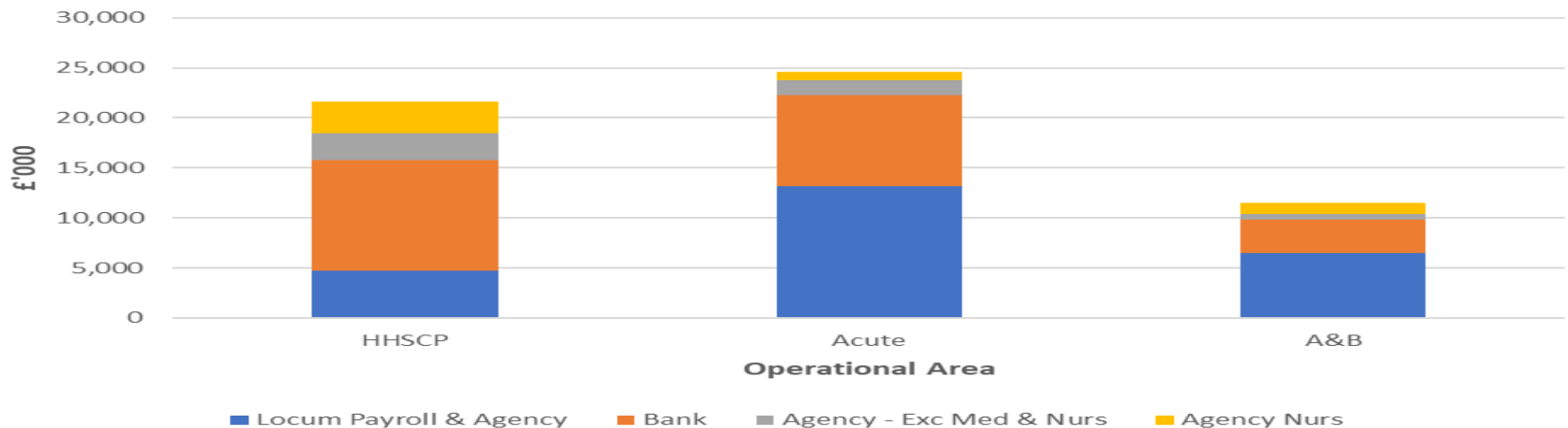
## SUPPLEMENTARY STAFFING



Supplementary Staffing - Monthly Run Rate



Operational Area Supplementary Staffing Spend by Type  
Month 12 - March 2026



# MONTH 12 2025/2026 – MARCH 2026



Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
Expenditure by Subjective spend			
Pay	714.782	707.721	7.061
Drugs and prescribing	139.832	139.024	0.807
Property Costs	57.428	58.538	(1.110)
General Non Pay	61.489	63.715	(2.226)
Clinical Non pay	59.722	67.593	(7.871)
Health care - SLA and out of area	494.516	500.173	(5.657)
Social Care ISC	140.525	158.776	(18.251)
FHS	127.964	127.729	0.235

Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
<b>Drugs and prescribing</b>			
<b>Hospital drugs</b>	<b>57.648</b>	<b>58.354</b>	<b>(0.706)</b>
<b>Prescribing</b>	<b>82.184</b>	<b>80.671</b>	<b>1.513</b>
<b>Total</b>	<b>139.832</b>	<b>139.024</b>	<b>0.807</b>

## SUBJECTIVE ANALYSIS

- Pressures continue to be seen across most spend categories
- Vacancies across all staff groups are mitigating the high level of spend on supplementary staffing

# MONTH 12 2025/2026 – CAPITAL



Budget (£000)	Scheme	Actual (£000)	Variance (£000)
	<b>FORMULA</b>		
250	Contingency	60	190
1,036	eHealth	1,528	(492)
2,036	EPAG	2,661	(625)
1,972	Estates	1,648	324
1,000	Fire Compliance	262	738
500	PFI - Mid Argyll	391	109
500	PFI - Easter Ross	349	151
<b>7,294</b>	<b>Total</b>	<b>6,899</b>	<b>395</b>
	<b>PROJECT SPECIFIC FUNDING</b>		
4,000	Esates - Lochaber	3,946	54
2,938	EPAG - NIB	2,342	596
342	EV Chargers	342	-
400	Raigmore LV infrastructure	239	161
400	CGH Internal Drainage	171	229
80	CGH electrical Infrastructure	237	(157)
1,700	Raigmore Fire Compliance	2,317	(617)
400	LIDGH Fire Compliance	1,152	(752)
80	Islay Fire Compliance	274	(194)
-	CGH Cladding	229	(229)
-	ACT Accommodation	24	(24)
3,000	New Craigs Buy Back	3,000	-
480	eHealth NIB	-	480
<b>13,820</b>	<b>Total</b>	<b>14,273</b>	<b>(453)</b>
<b>21,114</b>	<b>Total</b>	<b>21,172</b>	<b>(59)</b>

## CAPITAL

- £21.114m of capital allocations received in year
- Main areas of spend are on equipment, the Lochaber Redesign project and fire compliance work at Raigmore
- Transfer of New Craigs reflected in position