NHS Highland

Meeting:	**NHS Highland Board Meeting**
Meeting date:	**29 September 2026**
Title:	**Finance Report – Month 4 2026/2027**
Responsible Executive/Non-Executive:	**Heledd Cooper, Director of Finance**
Report Author:	**Elaine Ward, Deputy Director of Finance**

Report Recommendation:

The Board is asked to **Examine** and **Consider** the content of the report and take **Limited 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		**All** Well Themes			

2 Report summary

2.1 Situation

This report is presented to enable discussion on the NHS Highland draft financial position at Month 4 (July) 2026/2027.

2.2 Background

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.

2.3 Assessment

At the end of July 2026 (Month 4) a year to date overspend of £25.755m is reported with this forecast to increase to £62.940m by financial year end. Deficit Support funding will bring this down to £22.940m.

2.4 Proposed level of Assurance

Substantial		Moderate	
Limited	X	None	

Comment on the level of assurance

It is only possible to give limited assurance at this time. The position reported aligns with the financial plan submitted by the Board but 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 2024/2025 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 delivery of the Value & Efficiency programme. 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.

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
- 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.

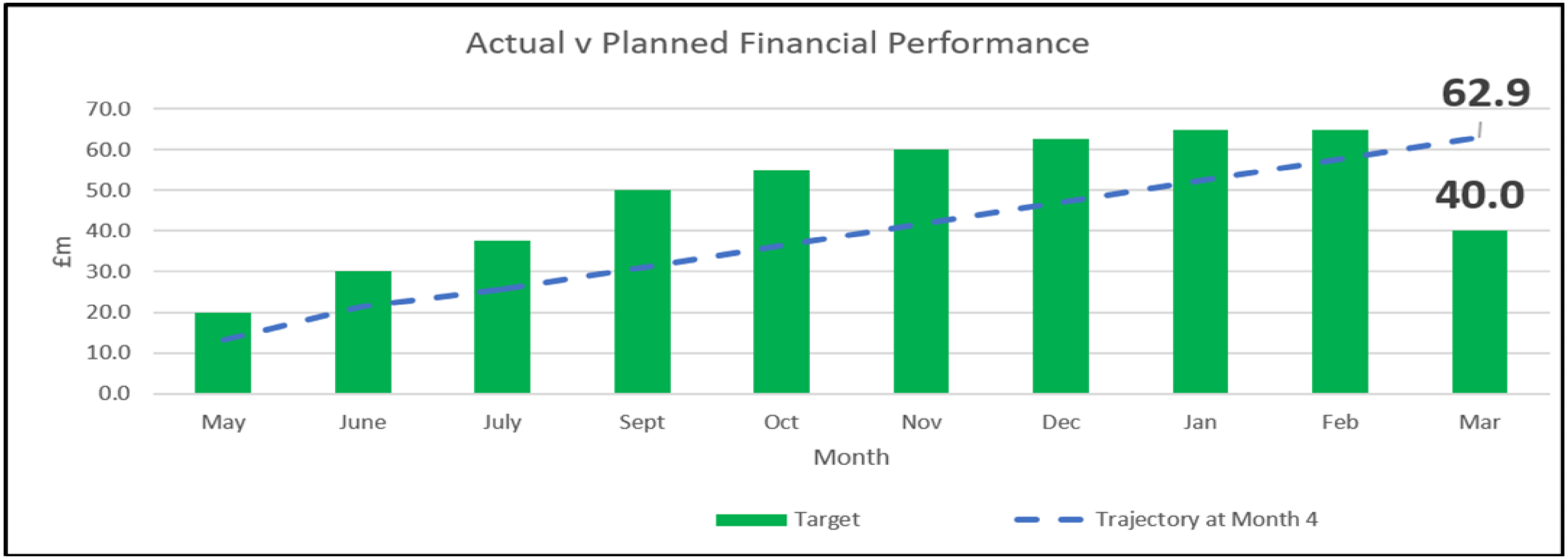
- EDG
- FRPC

4.1 List of appendices

Finance Report – Month 4 (July 2026/2027)

Finance Report –Month 4 (July) 2026/2027

MONTH 4 2026/2027 – JULY 2026

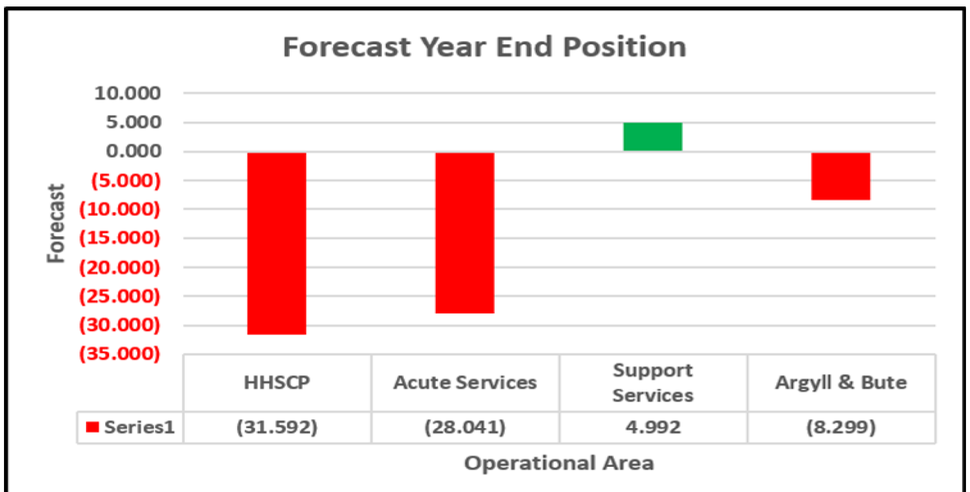


Target	YE Position £m
Delivery against Revenue Resource Limit (RRL) DEFICIT/ SURPLUS	62.9
Deliver against plan DEFICIT/ SURPLUS	4.0

- No brokerage available in 2026/2027
- SG have indicated that deficit support funding of £40m will be available – this will be non-repayable
- Forecast unchanged from Month 3
- Year end position is £62.9m worse than RRL and £4.0m less than the plan submitted to SG

MONTH 4 2026/2027 – JULY 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
1,259.740	**Total Funding**	403.878	403.878	-	1,259.740	-
	<u>**Expenditure**</u>					
528.789	HHSCP	175.216	186.202	(10.987)	560.380	(31.592)
350.897	Acute Services	114.607	127.439	(12.833)	378.938	(28.041)
64.230	Support Services	13.960	15.533	(1.573)	59.238	4.992
943.916	**Sub Total**	**303.782**	**329.174**	**(25.392)**	**998.557**	**(54.641)**
315.825	Argyll & Bute	100.096	100.459	(0.363)	324.124	(8.299)
1,259.740	**Total Expenditure**	**403.878**	**429.633**	**(25.755)**	**1,322.681**	**(62.940)**



SUMMARY

- Year to date overspend of £25.755m reported with this forecast to increase to £62.940m by the end of the financial year
- This position is £4.017m better than the financial plan submitted to Scottish Government
- £27.730 of the year end forecast overspend relates to ASC
- At this stage of the financial year the forecast continues to assume that the savings target will be delivered in full

PRIOR YEAR COMPARISON

Area	2025/2026 Forecast at Month 4 £m	2025/2026 Variance at Month 4 £m	2026/2027 Forecast at Month 4 £m	2026/2027 Variance at Month 4 £m	Improvement/ (Deterioration) £m
HHSCP	527.275	(24.123)	560.380	(31.592)	(7.469)
Acute Services	360.137	(20.706)	378.938	(28.041)	(7.336)
Support Services	206.572	(14.201)	59.238	4.992	19.192
Argyll & Bute	302.23	(0.814)	324.124	(8.299)	(7.485)
TOTAL	**1,396.215**	**(59.843)**	**1,322.681**	**(62.940)**	**(3.097)**

Area	2025/2026 Year End Position Full Year Budget £m	2025/2026 Year End Position Full Year Actual £m	2025/2026 Year End Position Variance £m	2026/2027 Forecast at Month 4 £m	2026/2027 Variance at Month 4 £m	Improvement/ (Deterioration) £m
HHSCP	515.106	539.015	(23.910)	560.380	(31.592)	(7.682)
Acute Services	348.158	372.974	(24.815)	378.938	(28.041)	(3.226)
Support Services	248.836	199.915	48.921	59.238	4.992	(43.930)
Argyll & Bute	295.698	295.698	-	324.124	(8.299)	(8.299)
Deficit Support Funding						40.000
TOTAL	**1,407.798**	**1,407.602**	**0.196**	**1,322.681**	**(62.940)**	**(23.137)**

- The Month 4 forecast for 2026/2027 predicts a deterioration of £23.137m against the final 2025/2026 position when £40m of deficit support funding is applied
- The 2025/2026 outturn reflects deficit support funding of £40m and a £5m contribution from Highland Council to reduce the ASC overspend
- The forecast overspend at Month 4 in 2025/2026 was £3.097m less than the current 2026/2027 year end forecast
- The 2026/2027 forecast is approx. £4m better than the financial plan submitted to SG

MONTH 4 2026/2027 – JULY 2026

Summary Funding & Expenditure	Current Plan £m
RRL Funding - SGHSCD	
Baseline Funding	1,022.293
Baseline Funding GMS	5.291
FHS GMS Allocation	86.600
Supplemental Allocations	23.845
Non Core Funding	-
Total Confirmed SGHSCD Funding	**1,138.029**
Anticipated funding	
Non Core allocations	85.868
Core allocations	35.843
Total Anticipated Allocations	121.711
Total SGHSCD RRL Funding	**1,259.740**
Total NHS Highland Funding	**1,259.740**

FUNDING

- £1.259.740m of funding confirmed up to the end of July 2026
- Main allocations received in month relate to sustainability funding and £1m in respect of maternity posts already within expenditure

MONTH 4 2026/2027 – JULY 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					
303.675	NH Communities	100.091	108.386	(8.295)	328.999	(25.324)
65.303	Mental Health Services	21.797	22.691	(0.894)	67.223	(1.920)
175.970	Primary Care	58.539	57.687	0.852	176.655	(0.685)
(16.159)	ASC Other includes ASC Income	(5.212)	(2.561)	(2.651)	(12.497)	(3.662)
528.789	**Total HHSCP**	**175.216**	**186.202**	**(10.987)**	**560.380**	**(31.592)**
	HHSCP					
334.825	Health	110.236	112.355	(2.118)	338.687	(3.861)
193.963	Social Care	64.979	73.847	(8.868)	221.694	(27.730)
528.789	**Total HHSCP**	**175.216**	**186.202**	**(10.987)**	**560.380**	**(31.592)**

- YTD overspend of £10.987m reported with this forecast to increase to £31.592m by the end of the financial year
- Full year ASC overspend currently forecast at £27.730m
- Locum costs of £0.600m contributing to forecast overspend within Primary Care
- Supplementary staffing costs of £7.408m incurred YTD
- Previous high cost out of area placement costs have reduced but the pressure will continue into 2026/2027 with a crossover of care

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	513	1,852
Agency (Nursing)	377	1,349
Bank	841	3,346
Agency (Non Med)	271	860
Total	**2,001**	**7,408**

MONTH 4 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	67.261	22.478	24.883	(2.405)	73.938	(6.677)
Total Older People - Care at Home	41.430	13.783	15.648	(1.865)	48.663	(7.233)
Total People with a Learning Disability	53.773	17.930	19.350	(1.420)	61.861	(8.088)
Total People with a Mental Illness	11.404	3.810	3.563	0.247	10.887	0.517
Total People with a Physical Disability	10.280	3.438	3.571	(0.133)	11.261	(0.981)
Total Other Community Care	13.905	4.719	4.316	0.402	13.692	0.214
Total Support Services	(4.089)	(1.179)	2.379	(3.558)	1.178	(5.267)
Care Home Support/Sustainability Payments	-	-	0.137	(0.137)	0.214	(0.214)
Total Adult Social Care Services	**193.963**	**64.979**	**73.847**	**(8.868)**	**221.694**	**(27.730)**

ADULT SOCIAL CARE

- An overspend of £27.730m is forecast by the end of the financial year
- Costs continue to rise with further high cost packages being in place
- 2 significant reductions in the quantum over recent years in addition to a static funding level has driven up the ASC funding gap/ overspend position
- £1.871m of supplementary staffing costs within in-house care homes are included within the position

MONTH 4 2026/2027 – ADULT SOCIAL CARE

NHS Highland na Gàidhealtachd

NHSH Care Homes Supplementary Staffing

Care Home	Month 4 Agency £000's	Bank £000's	Total YTD £000's
Ach an Eas	-	35	146
An Acarsaid	4	7	64
Bayview House	1	37	144
Caladh Sona	-	-	-
Dail Mhor House	-	1	3
Grant House	8	5	43
Home Farm	72	13	313
Invernevis	29	16	163
Lochbroom	-	20	92
Mackintosh Centre	-	-	6
Mains House	30	12	150
Moss Park	73	12	298
Melvich	-	2	6
Pulteney	-	39	139
Seaforth	-	27	117
Strathburn	1	5	29
Telford	16	1	76
Wade Centre	4	19	81
Total	**238**	**251**	**1,871**

- Significant levels of spend across a number of care homes continues – Home Farm & Moss Park are the highest spend areas
- Spend at the end of Month 4 is £0.222m 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 4 2026/2027 – JULY 2026 - ACUTE

NHS Highland na Gàidhealtachd

Current Plan £000	Division	Plan to Date £000	Actual to Date £000	Variance to Date £000	Forecast Outturn £000	Forecast Variance £000
101.177	Medical Division	33.626	38.481	(4.854)	115.903	(14.726)
27.653	Cancer Services	9.095	9.822	(0.726)	29.341	(1.687)
81.250	Surgical Specialties	26.769	28.090	(1.321)	85.525	(4.275)
44.925	Woman and Child	14.456	15.176	(0.720)	45.748	(0.823)
53.657	Clinical Support Division	17.510	18.385	(0.874)	56.303	(2.646)
(21.735)	Raigmore Senior Mgt & Central Cost	(8.058)	(3.643)	(4.415)	(20.669)	(1.066)
29.799	NTC Highland	9.971	9.426	0.544	30.566	(0.767)
316.727	**Sub Total - Raigmore**	**103.371**	**115.737**	**(12.367)**	**342.716**	**(25.990)**
16.635	Belford	8.404	8.671	(0.267)	17.280	(0.645)
17.536	CGH	2.832	3.031	(0.199)	18.942	(1.407)
350.897	**Total for Acute**	**114.607**	**127.439**	**(12.833)**	**378.938**	**(28.041)**

- £12.833m overspend reported YTD with this forecast to increase to £28.041m by the end of the financial year
- Supplementary staffing continues to impact the financial position with £9.482m spent in the period to end July 2026
- Resident Doctor non compliant rotas now forecast to generate a pressure of £0.473m by the end of the financial year with a further pressure of £4.220m relating to other resident doctor pressures
- Out of area treatment costs are driving a £1.985m pressure within surgical

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	1,601	5,474
Agency (Nursing)	140	334
Bank	844	3,107
Agency (Non Med)	**102**	567
Total	**2,687**	**9,482**

MONTH 4 2026/2027 – JULY 2026 – SUPPORT SERVICES

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	Support Services					
27.380	Central Services	15.627	16.536	(0.909)	26.664	0.716
(149.245)	ASC Quantum	(49.748)	(49.748)	-	(149.245)	-
36.988	Central Reserves	-	-	-	32.806	4.182
12.454	Childrens Services	4.258	4.258	-	12.454	-
48.467	Corporate Services	15.521	14.979	0.542	45.532	2.936
57.108	Estates Facilities & Capital Planning	18.937	17.732	1.205	56.619	0.489
18.599	eHealth	6.175	7.073	(0.897)	20.030	(1.431)
12.478	Tertiary	3.190	4.704	(1.513)	14.378	(1.900)
64.230	**Total**	**13.960**	**15.533**	**(1.573)**	**59.238**	**4.992**

- Overspend of £1.573m reported with this forecast to move to an underspend of £4.992m by the end of the financial year
- Full delivery of V&E savings forecast at this time
- The main pressures within Estates, Facilities & Capital Planning continue to be provisions and property maintenance.
- Utilities costs continue to remain stable at this time
- Within eHealth further increases in the costs of service contracts continues to be the main driver for the overspend. The service is also carrying costs associated with the implementation of a number of systems – once fully implemented savings should be released from other areas to fund these costs on an ongoing basis.
- Out of Area Forensic Psychiatry costs, rheumatology drugs and increasing SLA costs continue to drive the overspend within Tertiary. A reduction in income due to capacity is also impacting

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	5	20
Agency (Nursing)	-	-
Bank	4	(618)
Agency (Non Med)	116	256
Total	**125**	**(342)**

MONTH 4 2026/2027 – JULY 2026 – ARGYLL & BUTE

NHS Highland
na Gàidhealtachd

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	Argyll & Bute - Health					
80.601	Hospital & Community Services	27.108	27.355	(0.247)	81.283	(0.682)
22.711	Acute & Complex Care	7.519	7.411	0.108	23.315	(0.604)
13.342	Children & Families	4.400	4.467	(0.068)	13.537	(0.195)
45.609	Primary Care inc NCL	15.402	15.029	0.374	46.050	(0.441)
25.789	Prescribing	8.173	8.119	0.054	25.789	-
13.837	Estates	5.550	5.876	(0.325)	14.069	(0.232)
8.875	Management Services	3.001	2.995	0.006	9.020	(0.145)
15.955	Central/Public health	0.574	(0.010)	0.585	13.955	2.000
89.105	Ab Ggc	28.368	29.218	(0.849)	97.105	(8.000)
315.825	**Total Argyll & Bute**	**100.096**	**100.459**	**(0.363)**	**324.124**	**(8.299)**

- An overspend of £0.363m is reported YTD with this forecast to increase to £8.299m by the end of the financial year
- Supplementary staffing spend for the period to the end of July is £2.908m and is a significant driver of the year end forecast
- The year end position includes the impact of the NHS GG&C SLA rebasing

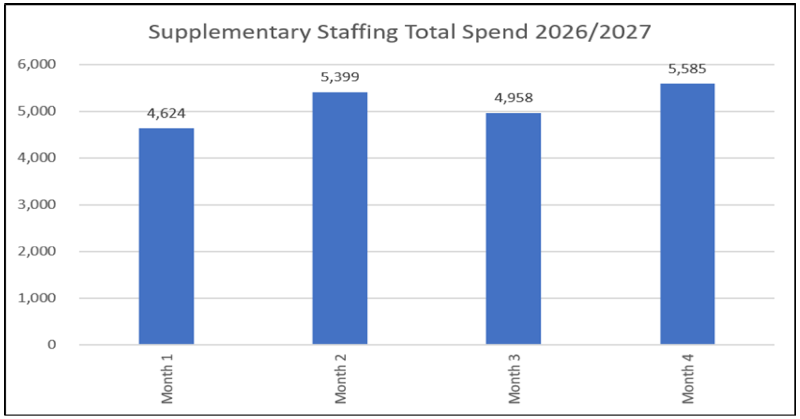
Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum & Agency Medical/GP	477	1,803
Agency (Nursing)	23	253
Bank	189	683
Agency (Non Med)	84	170
Total	**772**	**2,908**

MONTH 4 2026/2027 – JULY 2026
SUPPLEMENTARY STAFFING

NHS Highland
na Gàidhealtachd

	2026/2027 YTD £'000	2025/2026 YTD £'000	Inc/ (Dec) YTD £'000
HHSCP	7,408	6,704	704
Estates & Facilities	120	457	(337)
E Health	67.26	1.17	66
Corporate	103	252	(148)
Central	(633)	105	(738)
Acute	9,482	8,306	1,176
Tertiary	-	-	-
Argyll & Bute	2,908	3,882	(974)
TOTAL	**19,456**	**19,707**	**(252)**

Recorded spend at end of Month 4 is £0.252m lower than at same point in 2025/2026

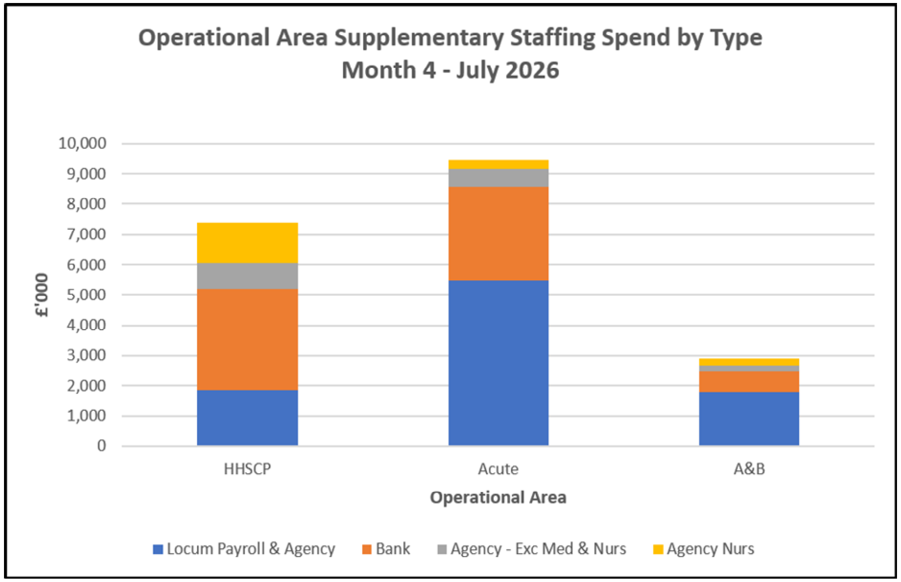


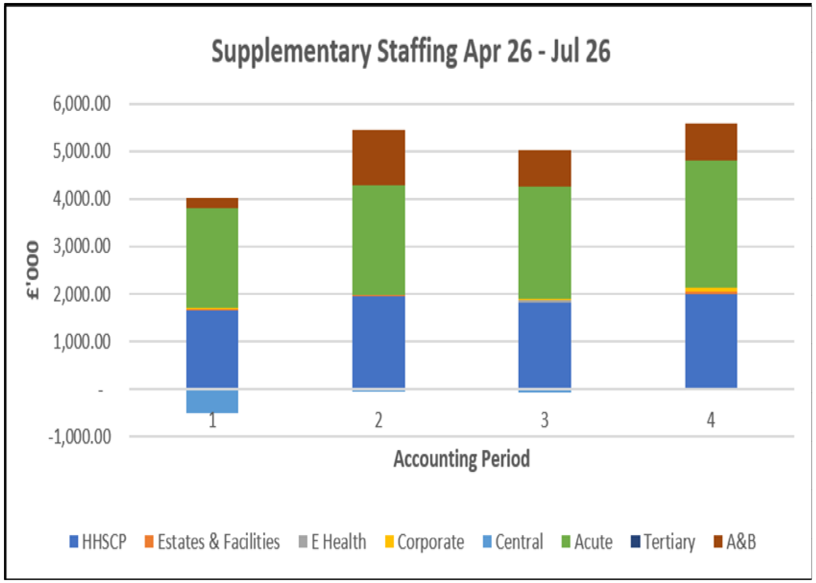
Month 4 spend is £0.627m higher than Month 3

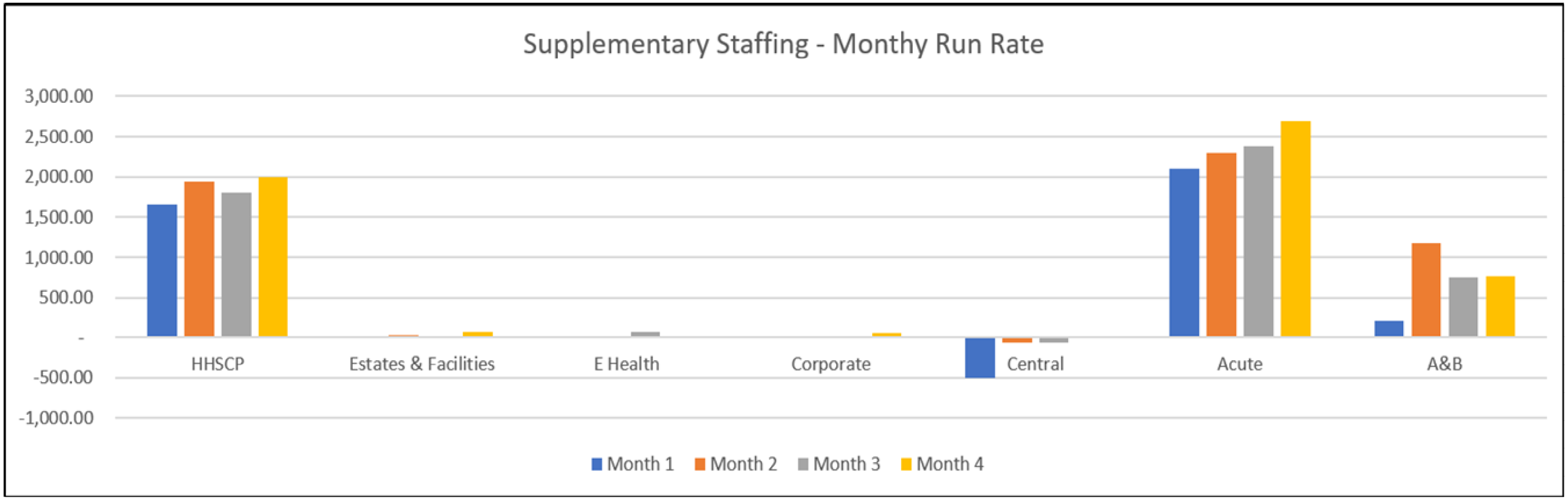
Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	Pay			
142.678	Medical & Dental	46.914	50.942	(4.028)
8.115	Medical & Dental Support	2.700	3.319	(0.619)
257.828	Nursing & Midwifery	85.566	86.281	(0.715)
49.353	Allied Health Professionals	16.298	15.655	0.643
19.833	Healthcare Sciences	6.679	6.238	0.441
29.384	Other Therapeutic	9.678	8.653	1.025
56.974	Support Services	19.090	18.510	0.580
100.370	Admin & Clerical	33.075	32.077	0.998
3.529	Senior Managers	1.176	1.151	0.025
68.902	Social Care	23.567	21.243	2.324
7.349	Budget Reserves/Vacancy factor	(2.939)	-	(2.939)
744.316	Total Pay	241.805	244.069	(2.264)

Pay overspend of £2.264m reported at the end of Month 4

MONTH 4 2026/2027 – JULY 2026
SUPPLEMENTARY STAFFING







MONTH 4 2026/2027 – JULY 2026 – SUBJECTIVE SPEND

	2026/2027 Forecast			2025/2026			2024/2025			2023/2024				
Detail	Plan £m	Actual £m	Variance £m	Plan £m	Actual £m	Variance £m	Plan £m	Actual £m	Variance £m	Plan £m	Actual £m	Variance £m	Budget Uplift Since 2023/2024	Increase in Spend since 2023/2024
Drugs and prescribing	144.651	143.990	0.661	139.832	139.024	0.807	133.718	137.367	(3.649)	126.234	132.148	(5.914)	14.59%	8.96%
Property Costs	57.708	58.613	(0.905)	57.428	58.538	(1.110)	65.902	67.020	(1.118)	58.689	62.045	(3.356)	(1.67%)	(5.53%)
General Non Pay	45.751	43.592	2.159	61.489	63.715	(2.226)	61.605	63.429	(1.825)	50.150	50.611	(0.461)	(8.77%)	(13.87%)
Clinical Non pay	58.849	68.463	(9.614)	59.722	67.593	(7.871)	56.268	63.767	(7.499)	53.212	57.935	(4.724)	10.59%	18.17%

Over last 4 years increase in budget & in all areas other than General Non-Pay

General Non-Pay Breakdown

	2026/2027 Forecast			2025/2026			2024/2025			2023/2024				
Detail	Plan £m	Actual £m	Variance £m	Plan £m	Actual £m	Variance £m	Plan £m	Actual £m	Variance £m	Plan £m	Actual £m	Variance £m	Budget Uplift Since 2023/2024	Increase in Spend since 2023/2024
Travel And Subsistence	11.060	8.901	2.158	10.422	9.334	1.087	9.919	9.810	0.109	10.338	10.369	(0.031)	6.98%	(14.15%)
Transport	3.079	3.710	(0.631)	2.923	3.437	(0.514)	2.906	3.263	(0.356)	2.910	3.146	(0.235)	5.79%	17.94%
Post, Carriage And Telephones	2.576	2.609	(0.033)	2.406	3.116	(0.710)	2.423	3.048	(0.625)	2.253	2.805	(0.551)	14.31%	(6.99%)
Printing And Stationery	1.035	0.770	0.265	1.054	1.116	(0.061)	1.080	0.895	0.184	1.044	1.034	0.010	(0.86%)	(25.54%)
Publicity And Advertising	0.076	0.251	(0.176)	0.138	0.735	(0.597)	0.162	0.481	(0.319)	0.134	0.278	(0.144)	(43.61%)	(9.68%)
Training	1.315	1.124	0.191	1.290	1.004	0.286	1.326	1.258	0.069	1.239	0.975	0.264	6.10%	15.25%
Other Administration	0.490	0.612	(0.122)	0.511	0.635	(0.125)	0.678	0.771	(0.092)	0.562	0.689	(0.128)	(12.78%)	(11.22%)
Auditors Renumeration	0.446	0.454	(0.008)	0.435	0.433	0.002	0.430	0.443	(0.013)	0.396	0.445	(0.049)	12.37%	1.89%
Other Miscellaneous Non Pay	4.249	4.746	(0.497)	4.043	4.567	(0.524)	3.671	4.387	(0.716)	4.106	4.386	(0.281)	3.49%	8.20%
Miscellaneous	3.273	4.313	(1.040)	5.500	8.279	(2.779)	8.623	11.465	(2.842)	7.738	9.029	(1.292)	(57.70%)	(52.23%)
Internal Recharges	0.304	(0.455)	0.760	0.080	0.032	0.048	0.143	(0.011)	0.154	(0.289)	(0.021)	(0.268)	(205.10%)	2,031.24%
Professions fees and charges	16.282	15.030	1.252	16.733	15.179	1.555	16.316	13.783	2.533	15.557	13.226	2.330	4.66%	13.64%
Other	1.567	1.527	0.040	15.954	15.848	0.106	13.926	13.836	0.090	4.162	4.249	(0.088)	(62.35%)	(64.06%)

MONTH 4 2026/2027 – JULY 2026 – DRUG SPEND

	TOTAL		Drugs		Prescribing	
	Budget	Actual	Budget	Actual	Budget	Actual
2026/2027 Forecast	144,651	143,990	59,732	58,883	84,919	85,107
2025/2026	139,832	139,024	57,648	58,354	82,184	80,671
2024/2025	133,718	137,367	55,009	55,937	78,710	81,430
2023/2024	126,234	132,148	51,525	52,796	74,709	79,352
Increase from 2023/2024	**14.59%**	**8.96%**	**15.93%**	**11.53%**	**13.67%**	**7.25%**

- Budget has increased more than actual spend
- Uplift applied in line with national approach adjusted for local horizon scanning
- Prescribing continues to be an area making recurring savings on a year on year basis

Risks & Opportunities

RISKS

- SLA with NHS GG&C – approx. £16m
- SLA with NHS Lanarkshire – have indicated that they will rebase for 2026/2027
- SLAs – Ongoing discomfort with possibility that some Boards may move away from nationally agreed position
- Ongoing discussion around charging for cross border ED attendances
- Agenda for Change Reform – overall funding package may not be sufficient to cover all costs and does not include NTC or ASC staff
- Funding for increased staffing within Maternity which was agreed to support Moray – potential that this funding will be diverted to NHS Grampian
- Non-delivery of cost reductions/ cost improvements
- Uncertainty around NCHC
- Sub national work
- Funding for work required for models of integration
- Business Systems Integration

OPPORTUNITIES/ MITIGATIONS

- Sub national work
- Ongoing dialogue around Models of Integration
- Continuous review of non-recurrent benefits
- NHS GG&C SLA restricted to 75% for 2026/2027

Value & Efficiency Position for the FY 2026-27 Month 4

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 M4	Total Budget Savings Achieved for full Year (£'000)	Full Year Savings Next Year 2027-28 (£'000)
North Highland	**24,129**	10,941	9,106	-15,023	1,507	1,735	**3,242**	917	2,630	6,028
Argyll & Bute	**8,414**	8,414	4,818	-3,596	1,606	0	**1,606**	407	4,818	1,364
Total Value & Efficiency	**32,543**	**19,355**	13,924	-18,619	**3,113**	**1,735**	**4,848**	1,324	**7,448**	**7,392**
Adult Social Care	**6,581**	1,851	1,101	-5,480	0	850	**850**	0	0	1,951
Total Value & Efficiency incl ASC	**39,124**	**21,206**	**15,025**	**-24,099**	**3,113**	**2,585**	**5,698**	**1,324**	**7,448**	**9,343**

2026-2027 V&E Target of £39.124m

Gap of £24.099m of plans against target

38% 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 M4

Summary of Movement

2025-26 Value & Efficiency Plan (£'000) MOVEMENT						
Reduction Programmes - Area	Annual Plan Forecasted M4	Annual Plan Forecasted M3	Movement	Savings Achieved M4	Savings Achieved M3	Movement
Value & Efficiency - North Highland	9,106	7,963	1,144	4,365	3,638	728
Value & Efficiency - Argyll & Bute	4,818	4,795	23	4,818	4,795	23
Total Value & Efficiency	13,924	12,758	1,167	9,183	8,433	751
Value & Efficiency - ASC	1,101	1,101	0	850	850	0
Total Value & Efficiency incl ASC	15,025	13,859	1,167	10,033	9,283	751

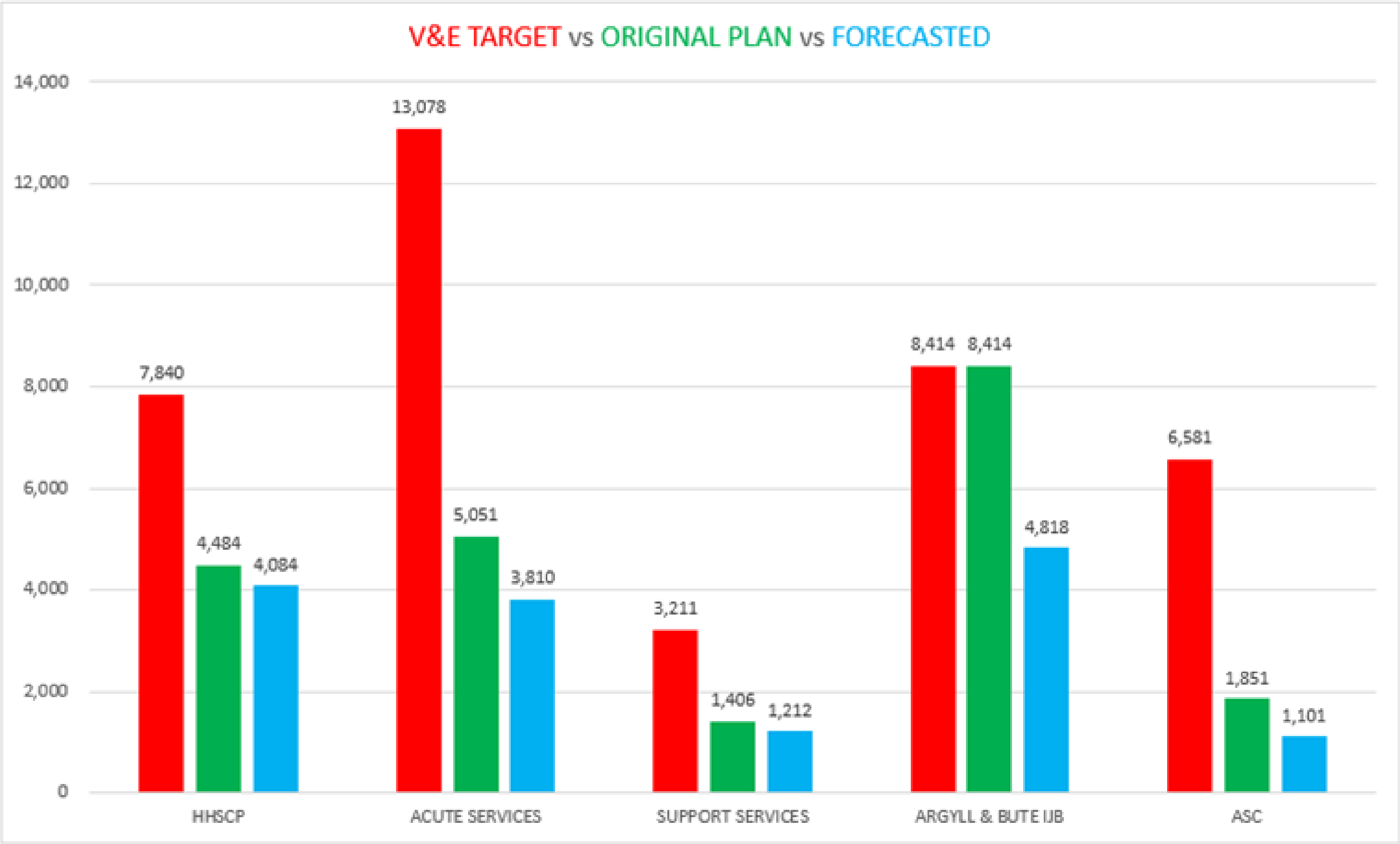
Increase of forecasted plans of £1.167m from Month 3

- NH Community Supplementary Staffing £200k
- NH Community Travel £89k
- Dental Budget reviews £250k
- Acute-Renal Transport £100k
- Acute Nursing £475k
- Woman & Child Directorate savings £88k
- A&B £23K

Savings Achieved include the Annual budget savings & YTD Cost Reductions

Value & Efficiency Position for the FY 2026-27 M4

Target, Original Plan and Forecasted Plan as per Area



Value & Efficiency Position for the FY 2026-27 M4

Savings Targets Allocation as per Area and Directorate

Area	Value & Efficiency Plan as per Scheme				Savings Achieved 2026/2027			Movement achieved YTD		Savings Achieved 2027/2028
	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)	YTD Savings Achieved M3	Movement	Full Year Savings Next Year (Budget & Cost Reductions) 2027-28 (£'000)
HHSCP	**7,840**	**4,484**	**4,084**	**-3,756**	**437**	**686**	**1,122**	**820**	**302**	**2,247**
Mental Health	*1,332*	*1,289*	936	*-396*	0	*49*	*49*	*15*	*33*	*250*
Primary Care	*2,609*	*2,895*	2,859	*250*	437	*637*	*1,074*	*805*	*269*	*1,997*
Nh Community	*3,899*	*300*	289	*-3,610*	0	*0*	*0*		*0*	*0*
ACUTE SERVICES	**13,078**	**5,051**	**3,810**	**-9,268**	**0**	**1,049**	**1,049**	**623**	**427**	**2,977**
Surgical Directorate		*694*	653		*0*	*220*	*220*	*38*	*182*	*442*
Medical Directorate		*1,818*	1,282		*0*	*217*	*217*	*129*	*88*	*773*
Acute Rghs - Belford		*497*	62		*0*	*53*	*53*	*42*	*11*	*14*
Acute Rghs - Caithness		*168*	5		*0*	*2*	*2*	*1*	*0*	*5*
Woman + Children Directorate		*215*	149		*0*	*20*	*20*	*15*	*5*	*63*
Cancer Services		*599*	599		*0*	*185*	*185*	*133*	*52*	*621*
Diagnostics - Radiology		*0*	0		*0*	*0*	*0*	*0*	*0*	*0*
Diagnostics - Labs		*0*	0		*0*	*0*	*0*	*0*	*0*	*0*
Diagnostics - Medical Physics		*0*	0		*0*	*0*	*0*	*0*	*0*	*0*
Patient Support		*0*	0		*0*	*0*	*0*	*0*	*0*	*0*
Pharmacy		*0*	0		*0*	*0*	*0*	*0*	*0*	*0*
Ntc Highland		*1,060*	1,060		*0*	*353*	*353*	*265*	*88*	*1,060*
Acute Central		*0*	0		*0*	*0*	*0*	*0*	*0*	*0*
SUPPORT SERVICES	**3,211**	**1,406**	**1,212**	**-1,999**	**1,070**	**0**	**1,070**	**882**	**188**	**804**
Corporate Services	***983***	***277***	***225***	***-758***	***225***	***0***	***225***	***37***	***188***	***37***
Dir Of Public Health	*188*	*188*	188	***0***	*188*	*0*	*188*	*0*	*188*	*0*
Finance & Hc	*256*	*0*	0	***-256***	*0*	*0*	*0*	*0*	*0*	*0*
Corporate - Medical Directorate	*87*	*0*	0	***-87***	*0*	*0*	*0*	*0*	*0*	*0*
Strategy + Transformation	*73*	*0*	0	***-73***	*0*	*0*	*0*	*0*	*0*	*0*
Dir Of Human Resources	*279*	*89*	37	***-242***	*37*	*0*	*37*	*37*	*0*	*37*
Nursing	*77*	*0*	0	***-77***	*0*	*0*	*0*	*0*	*0*	*0*
Research & Development	*23*	*0*	0	***-23***	*0*	*0*	*0*	*0*	*0*	*0*
Tertiary	***669***	***0***	**0**	***-669***	***0***	***0***	***0***	***0***	***0***	***0***
Ehealth	***330***	***285***	***142***	***-188***	***0***	***0***	***0***	***0***	***0***	***142***
Estates & Facilities	***1,229***	***845***	***845***	***-384***	***845***	***0***	***845***	***845***	***0***	***625***
ARGYLL & BUTE IJB	**8,414**	**8,414**	**4,818**	**-3,596**	**1,606**	**0**	**1,606**	**1,199**	**407**	**1,364**
Argyll & Bute	*8,414*	*8,414*	4,818	*-3,596*	*1,606*	*0*	*1,606*	*1,199*	*407*	*1,364*
ASC	**6,581**	**1,851**	**1,101**	**-5,480**	**0**	**850**	**850**	**850**	**0**	**1,951**
Adult Social Care	*6,581*	*1,851*	1,101	*-5,480*	*0*	*850*	*850*	*850*	*0*	*1,951*
Value & Efficiency - NHS Highland	**39,124**	**21,206**	**15,025**	**-24,099**	**3,113**	**2,585**	**5,698**	**4,373**	**1,324**	**9,343**

Value & Efficiency Position for the FY 2026-27 M4

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 M3	Movement	Full Year Savings Next Year (Budget & Cost Reductions) 2027-28 (£'000)
HHSCP										
Primary Care Drugs		2,501	2,501		437	637	1,074	805	269	1,603
HHSCP - MH - Reduction in Costs/Number of Patients in Out of Area Plac		500	250		0	28	28	0	28	250
HSPC - MH&LD - Predicted Absence Allowance		113	113		0	0	0	0	0	0
Supplementary Staffing - NH Community		200	200		0	0	0	0	0	0
HHSCP - NH Community Travel		100	89		0	0	0	0	0	0
MH&LD Drug Budget		10	10		0	3	3	2	1	0
HHSCP NH Overnight Care ER		0	0		0	0	0	0	0	0
MHLD Business Support		37	33		0	0	0	0	0	0
MHLD Medical Supplementary Staffing Reduction in Locum Costs		50	50		0	17	17	13	4	0
MHLD Notes Retrieval		5	5		0	1	1	1	0	0
NCH Supplementary Staffing - New Craigs Hospital		426	426		0	0	0	0	0	0
Police Custody / SARCS / FME		100	50		0	0	0	0	0	0
Prison Healthcare		49	0		0	0	0	0	0	0
Dental - Stage 2 Budget Review - Non Pay and Income		250	250		0	0	0	0	0	250
Supplementary Staffing Primary Care 2C		144	108		0	0	0	0	0	144
Total HHSCP	**7,840**	**4,484**	**4,084**	**-3,756**	**437**	**686**	**1,122**	**820**	**302**	**2,247**

Value & Efficiency Position for the FY 2026-27 M4

Acute 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 M3	Movement	Full Year Savings Next Year (Budget & Cost Reductions) 2027-28 (£'000)
Acute Services										
Acute - Belford Medical Locums VEAG PID 2026-27		158	0		0	0	0	0	0	0
Acute - Belford Nursing VEAG PID 2026-27		31	0		0	0	0	0	0	0
Acute - Belford Other Workforce VEAG PID 2026-27		136	48		0	48	48	39	10	0
Acute - Theatres Optimisatio & PLCV VEAG PID 2026-27		495	297		0	147	147	0	147	427
CGH Nursing VEAG PID 2026-27		67	0		0	0	0	0	0	0
CGH Resident Doctors VEAG PID 2026-27		96	0		0	0	0	0	0	0
Prescribing Acute (Prescribing Savings)		2,461	2,461		0	762	762	550	212	2,550
Diabetes Supplies Co-ordinator Post		75	0		0	0	0	0	0	0
ED Resident Doctors/Locum Costs		0	0		0	0	0	0	0	0
Gastroenterology IBD Pharmacist Post		100	0		0	0	0	0	0	0
Gen Med-core Funded Resident Doctors		150	0		0	0	0	0	0	0
Neurology High Cost Drugs Coordinator Post		105	0		0	0	0	0	0	0
Renal Transport PID		100	100		0	0	0	0	0	0
Rheumatology High Cost Drugs Coordinator Post		105	0		0	0	0	0	0	0
Ambulatory Gynaecology		66	0		0	0	0	0	0	0
Resident Doctor Compliance		341	341		0	68	68	34	34	0
Acute Nursing Cost Reduction - Medical		475	475		0	24	24	0	24	0
Medical Bed Closures		0	0		0	0	0	0	0	0
Woman and Child Directorate Savings		45	45		0	0	0	0	0	0
Woman and Child Directorate Attendance Savings		43	43		0	0	0	0	0	0
Total ACUTE SERVICES	**13,078**	**5,051**	**3,810**	**-9,268**	**0**	**1,049**	**1,049**	**623**	**427**	**2,977**

Value & Efficiency Position for the FY 2026-27 M4

Support Services 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 M3	Movement	Full Year Savings Next Year (Budget & Cost Reductions) 2027-28 (£'000)
Support Services										
Directorate Savings - Estates, Facilities and Capital Planning		845	845		845	0	845	845	0	625
Directorate Savings Schemes - Corporate Services: People & Culture		89	37		37	0	37	37	0	37
Mail, Print and Communications Services (2026/27)		0	0		0	0	0	0	0	0
Project Management Opportunities		0	0		0	0	0	0	0	0
Public Health Directorate Savings Schemes		188	188		188	0	188	0	188	0
SLA Clinical Pathways (Planning)		0	0		0	0	0	0	0	0
TARA (Transformation and Resilience of Admin)		0	0		0	0	0	0	0	0
Telephony		285	142		0	0	0	0	0	142
Total SUPPORT SERVICES	**3,211**	**1,406**	**1,212**	**-1,999**	**1,070**	**0**	**1,070**	**882**	**188**	**804**

Value & Efficiency Position for the FY 2026-27 M4

15 BOX GRID

NHS Highland
na Gàidhealtachd

2026-2027 15 Box Grid							
Category	Original Plan (£'000)	Annual Plan Forecasted (£'000)	Budget Savings Achieved YTD (£'000)	Cost Reductions Achieved YTD (£'000)	Savings Achieved YTD (£'000)	Total Budget Savings Achieved for full Year (£'000)	Full Year Savings Next Year 2027-28 (£'000)
Service Sustainability							
1. Theatre optimisation	495	297	0	147	147	0	427
2. Length of Stay	0	0	0	0	0	0	0
3. Prescribing Optimisation	5,634	5,060	463	1,402	1,865	1,389	4,311
4. Shifting the Balance of Care	751	501	0	28	28	0	501
Service Sustainability Total	**6,880**	**5,858**	**463**	**1,577**	**2,040**	**1,389**	**5,239**
Reform Priorities							
5. Digital Programmes	5	5	0	1	1	0	0
6. PLICS	0	0	0	0	0	0	0
Reform Priorities Total	**5**	**5**	**0**	**1**	**1**	**0**	**0**
Prevention							
7. Budget Tagging	0	0	0	0	0	0	0
8. Test of Change	110	60	0	0	0	0	0
9. Value Based Health and Care	0	0	0	0	0	0	0
Prevention Total	**110**	**60**	**0**	**0**	**0**	**0**	**0**
Workforce							
10. Supplementary Staffing	1,933	1,307	0	89	89	0	**144**
11. Business Services	653	649	0	68	68	250	**250**
12. Attendance Promotion	156	156	0	0	0	0	**0**
Workforce Total	**2,742**	**2,112**	**0**	**157**	**157**	**250**	**394**
Financial Management							
13. Contract Management	2,022	1,029	37	850	887	37	**1,879**
14. Transport	200	189	0	0	0	0	**0**
15. Estates and Facilities	845	845	845	0	845	845	**625**
Financial Management Total	**3,067**	**2,063**	**882**	**850**	**1,732**	**882**	**2,504**
Total 15 Box Grid Value	**12,804**	**10,098**	**1,345**	**2,585**	**3,930**	**2,521**	**8,137**
16. Other	**8,402**	**4,927**	**1,768**	**0**	**1,768**	**4,927**	**1,206**
Total Value of Efficiencies (incl Non 15BG schemes)	**21,206**	**15,025**	**3,113**	**2,585**	**5,698**	**7,448**	**9,343**

The "15 Box Grid" is a framework used by the Scottish Government to manage and improve financial and operational performance.

This grid outlines 15 key areas or actions that health boards need to focus on to achieve cost savings and enhance efficiency.

The Grid has been refreshed for 2026-27 to remain aligned with national priorities and to continue to provide targeted opportunities for NHS boards to deliver in 2026-27.

15 Box Grid is intended to supplement, not replace, local cost improvement programmes which should also continue to deliver against saving targets.

The table on the left summarises the value of schemes aligned with the 15 Box Grid framework

ESCALATION FRAMEWORK

STAGE	STAGE DESCRIPTION	SUPPORT AND INTERVENTION(S)
Stage 1 – steady state	NHS Boards are delivering in line with agreed plans. Normal reporting arrangements are in place.	The annual delivery plans, produced by all boards, form the basis against which performance is assessed throughout the year. Surveillance through official statistics published by PHS and scheduled engagement of NHS board annual review/ mid-year reviews.
Stage 2 - enhanced	Some variation from agreed plan(s), possible delivery risk if no remedial action is taken.	A NHS board-led support package or recovery programme agreed and implemented. Increased surveillance and monitoring by SG. SG Directors aware.
Stage 3 – enhanced monitoring and support	Significant variation from plan, risks materialising, SG commissioned tailored support package is required.	Formal approach incorporating significantly enhanced support and scrutiny and likely to include a level of external support. Relevant SG Direcors engaged with NHS Board Chief Exec and top team. DG Health & Social Care aware.
Stage 4 – senior external support and monitoring	Significant risks to delivery and tailored support is not producing the required improvements. Senior level external support required.	Senior level external support reporting to an Assurance Board chaired by SG. Assurance Board reports direct to the Chief Operating Officer for NHS Scotland and DG Health and Social Care. Onus remains on the NHS board to deliver the required improvements.
Stage 5 – statutory intervention	The level of risk and organisational dysfunction is so significant the NHS Board requires direct intervention using statutory powers of direction.	Ministerial powers of intervention

ESCALATION FRAMEWORK

- NHS Highland is currently at stage 3 of the NHS Scotland Support and Intervention Framework for finance.

- In 2025 the Finance Delivery Unit at SG created sub-categories in respect of escalation for finance to allow for more informed packages of support and internal focus.

- The sub-categories are:
  - Financial Governance & Leadership
  - Financial Management & Control
  - Financial Sustainability

- FDU determined that NHS Highland falls into the 'Financial Sustainability' sub-category

DE-ESCALATION CRITERIA

Quantitative criteria

- Board reports a breakeven position after a maximum of £40 million deficit support funding in 2026-27.
- Identifying and delivering 3% recurring savings in line with the national target in 2026-27.
- Board presents a credible three-year financial plan from 2027-28 to 2029-30 that delivers an outturn within available funding and can be approved by Scottish Government.

Qualitative criteria

- Board develops a credible savings plan for 2027-28 with sufficient detail by Q3 of 2026-27. This must be in line with the approved financial plan that will meet deficit targets.
- The Board stays on track with financial plan throughout 2026-27 and 2027-28 without adverse swings in forecast outturn.
- Improved partnership working and reforms to the lead agency model to create a stable adult social care cost base that works within the available financial resource.