

NHS Highland



NHS
Highland
na Gàidhealtachd

Meeting:

Meeting date:

Title:

Responsible Executive/Non-Executive:

Report Author:

NHS Highland Board Meeting

27 January 2026

Finance Report – Month 8 2025/2026
and 2026/27 Budget overview

Heledd Cooper, Director of Finance

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 FRPC 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 financial position at Month 8 (November) 2025/2026. The report also provides a summary of the Budget announcement of the 13th January, subject to the Scottish Parliament’s Budget Bill process.

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 has been 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 November 2025 (Month 8) an overspend of £41.159m is reported. A year end position of an overspend of £40.005m is forecast at this time. The forecast position is predicated on the assumption that further work will enable delivery of a breakeven position within ASC by 31 March 2026. This currently presents a risk of £21.127m to the Board.

A review of delivery against targets for identified value and efficiency schemes has been undertaken. This together with the agreement of the Adult Social Care Financial plan presents additional challenge to the Board in delivering the ask of SG to be no more than £40m overspend at the end of the financial year. The Board continues to look at recovery actions to close the additional gap.

2.4 Proposed level of Assurance

| | | | |
|-------------|--------------|----------|-------------|
| Substantial | <div></div> | Moderate | <div></div> |
| Limited | <div>X</div> | None | <div></div> |

Comment on the level of assurance

It is only possible to give limited assurance at this time. 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 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 delivery of the Value & Efficiency programme. The Board are developing further plans to generate cost reductions/improvements. There is an emerging risk associated with allocations – this has been reflected in the forecast year end position.

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

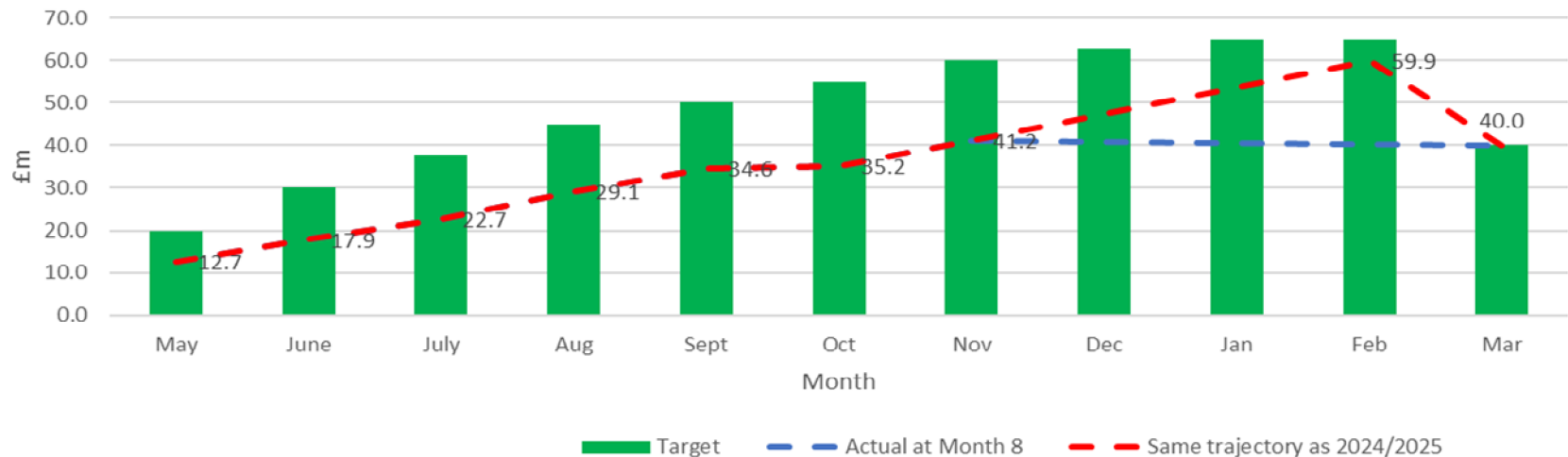
4.1 List of appendices

Finance Report – Month 8 (November) 2025/2026

Finance Report –Month 8 (November) 2025/2026

MONTH 8 2025/2026 – NOVEMBER 2025

Actual v Planned Financial Performance



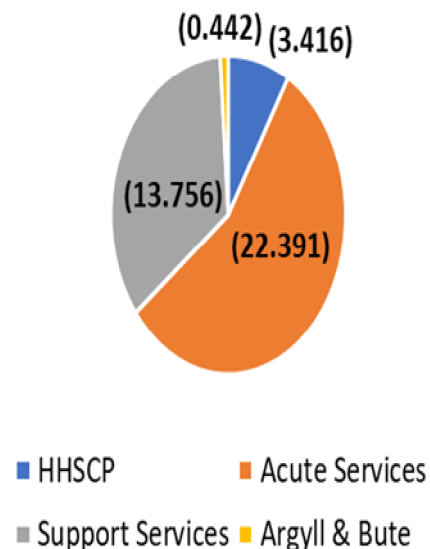
| Target | YTD £m | YE Position £m |
|--|-----------|----------------------|
| Delivery against Revenue Resource Limit (RRL) DEFICIT/ SURPLUS | 41.2 | 40.0 |
| Deliver against plan DEFICIT/ SURPLUS | 18.8 | 0.0 |

- No brokerage available in 2025/2026
- SG requested plan with a deficit no greater than £40m
- SG have confirmed that an allocation of £40m (non-repayable) will be made to cover the planned overspend – if the actual position is higher that this no further funding will be made available
- Current forecast is £40m worse than RRL but in line with SG request and revised plan submitted to SG in June 2025

MONTH 8 2025/2026 – NOVEMBER 2025

| Current Plan £m | Summary Funding & Expenditure | Plan To Date £m | Actual To Date £m | Variance To Date £m | Forecast Outturn £m | Forecast Variance £m |
|--------------------|-------------------------------|--------------------|----------------------|------------------------|------------------------|-------------------------|
| 1,344.608 | Total Funding | 859.716 | 859.716 | - | 1,344.608 | - |
| | Expenditure | | | | | |
| 504.758 | HHSCP | 336.514 | 360.056 | (23.542) | 529.302 | (24.544) |
| | ASC Position to breakeven | | | | (21.127) | 21.127 |
| | Revised HHSCP | | | | 508.175 | (3.416) |
| 343.170 | Acute Services | 227.721 | 244.852 | (17.131) | 365.561 | (22.391) |
| 189.895 | Support Services | 102.844 | 103.188 | (0.344) | 203.651 | (13.756) |
| 1,037.823 | Sub Total | 667.079 | 708.096 | (41.017) | 1,077.386 | (39.563) |
| 306.785 | Argyll & Bute | 192.637 | 192.779 | (0.142) | 307.227 | (0.442) |
| 1,344.608 | Total Expenditure | 859.716 | 900.875 | (41.159) | 1,384.613 | (40.005) |

Forecast Deficit by Operational Area



MONTH 8 2025/2026 SUMMARY

- Year to date overspend of £41.159m reported Year end position of £40.005m overspend forecast
- This is in line with the revised financial plan submitted to Scottish Government at the beginning of June 2025
- High risk assumption that ASC will deliver a breakeven position at the end of the financial year
- Also assuming V&E programme will deliver in full – there is currently a risk adjusted gap of £14.598m between plans and the V&E target

MONTH 8 2025/2026 – NOVEMBER 2025



KEY RISKS

- ASC – At this stage there is no agreed plan in place to deliver breakeven by the end of the financial year
- Delivery of the Value & Efficiency Cost Reduction/Improvement programme
- SLAs with NHS Lothian and NHS Greater Glasgow & Clyde
- Supplementary staffing – ongoing reliance due to system pressures and recruitment challenges
- ASC pressures – suppliers continuing to face sustainability challenges, NI impact on independent sector providers
- Health & Care staffing
- Financial impact of Agenda for Change pay award from 2023
- Price increases in excess of inflationary assumptions
- Potential impact associated with the cost of new drugs
- Financial impact of fragile services
- Potential impact of any trade tariffs
- SLA Uplift
- Allocations less than anticipated



MITIGATIONS

- Ongoing robust governance structures around agency nursing utilisation
- Sustainability funding received from SG
- Additional funding for AfC non pay element of 2023/2024 pay award
- Funding anticipated from Highland Council in respect of NI rate increase – amount to be agreed
- SG have confirmed a £40m allocation will be available to enable delivery of a breakeven position at year end – based on delivery of a position in line with the financial plan
- An assessment of the overall position including slippage on the VEAG programme has identified balance sheet adjustments which will cover VEAG scheme slippage

MONTH 8 2025/2026 – NOVEMBER 2025



| Summary Funding & Expenditure | Current Plan £m |
|---------------------------------------|--------------------|
| RRL Funding - SGHSCD | |
| Baseline Funding | 975.952 |
| Baseline Funding GMS | 5.291 |
| FHS GMS Allocation | 84.454 |
| Supplemental Allocations | 50.766 |
| Non Core Funding | - |
| Total Confirmed SGHSCD Funding | 1,116.462 |
| Anticipated funding | |
| Non Core allocations | 80.943 |
| Core allocations | 17.875 |
| Total Anticipated Allocations | 98.818 |
| Total SGHSCD RRL Funding | 1,215.280 |
| Integrated Care Funding | |
| Adult Services Quantum from THC | 141.522 |
| Childrens Services Quantum to THC | (12.194) |
| Total Integrated care | 129.328 |
| Total NHS Highland Funding | 1,344.608 |

FUNDING

- £1,344.608m of funding confirmed at end of Month 8
- Further Planned Care funding received in month

MONTH 8 2025/2026 – NOVEMBER 2025



| Current Plan £m | Detail | Plan to Date £m | Actual to Date £m | Variance to Date £m | Forecast Outturn £m | Forecast Variance £m | Locum/ Agency & Bank Spend | In Month £'000 | YTD £'000 |
|--------------------|-------------------------------|--------------------|----------------------|------------------------|------------------------|-------------------------|----------------------------|-------------------|---------------|
| | HHSCP | | | | | | | | |
| 297.255 | NH Communities | 197.527 | 207.600 | (10.073) | 311.127 | (13.872) | Locum | 488 | 3,294 |
| 62.258 | Mental Health Services | 41.485 | 42.430 | (0.945) | 63.400 | (1.142) | Agency (Nursing) | 307 | 1,743 |
| 169.355 | Primary Care | 113.602 | 114.411 | (0.809) | 170.700 | (1.345) | Bank | 961 | 7,263 |
| (24.110) | ASC Other includes ASC Income | (16.100) | (4.385) | (11.715) | (15.925) | (8.184) | Agency (Non Med) | 200 | 1,855 |
| 504.758 | Total HHSCP | 336.514 | 360.056 | (23.542) | 529.302 | (24.544) | Total | 1,956 | 14,155 |
| | HHSCP | | | | | | | | |
| 322.309 | Health | 214.709 | 218.413 | (3.705) | 325.725 | (3.416) | | | |
| 182.450 | Social Care | 121.805 | 141.643 | (19.837) | 203.577 | (21.127) | | | |
| 504.758 | Total HHSCP | 336.514 | 360.056 | (23.542) | 529.302 | (24.544) | | | |

HHSCP

- YTD overspend of £23.542m reported with this forecast to increase to £24.544m by the end of the financial year
- ASC overspend forecast at £21.127m – this assumes delivery of V&E cost reductions/ improvements in full
- Drugs/ prescribing pressure forecast at £0.249m
- Locum costs of £1.001m contributing to overspend within Primary Care
- Supplementary staffing costs of £14.155m incurred to date
- High cost out of area placements continue to impact on the Mental Health position
- There has been a slight deterioration in the health forecast due to additional cost of locums being factored in.
- The Social Care position has deteriorated by £0.369m due to an increase in the bad debt provision and increasing supplementary staffing costs in Board managed care homes

MONTH 8 2025/2026 – ADULT SOCIAL CARE



| Services Category | Annual Budget £000's | YTD Budget £000's | YTD Actual £000's | YTD Variance £000's | Outturn £000's | YE Variance £000's |
|---|----------------------------|-------------------------|-------------------------|---------------------------|-------------------|--------------------------|
| Total Older People - Residential/Non Residential Care | 64,612 | 42,919 | 45,752 | (2,833) | 69,052 | (4,440) |
| Total Older People - Care at Home | 40,188 | 26,826 | 30,498 | (3,672) | 45,618 | (5,430) |
| Total People with a Learning Disability | 53,382 | 35,669 | 38,232 | (2,563) | 57,832 | (4,450) |
| Total People with a Mental Illness | 11,343 | 7,834 | 6,497 | 1,337 | 9,672 | 1,671 |
| Total People with a Physical Disability | 10,267 | 6,867 | 7,520 | (653) | 11,222 | (955) |
| Total Other Community Care | 13,735 | 9,156 | 8,139 | 1,018 | 12,726 | 1,009 |
| Total Support Services | (11,078) | (7,466) | 4,772 | (12,239) | (3,149) | (7,929) |
| Care Home Support/Sustainability Payments | - | - | 233 | (233) | 603 | (603) |
| Total Adult Social Care Services | 182,450 | 121,805 | 141,643 | (19,837) | 203,577 | (21,127) |

ADULT SOCIAL CARE

- YTD an overspend of £19.837m is reported with this forecast to increase to £21.127m by the end of the financial
- Forecast assumes full delivery of V&E cost reductions/ improvements
- The overall financial position for the Board assumes that ASC will deliver a breakeven position by the end of the financial year
- £3.509m of supplementary staffing costs within in-house care homes are included within the year to date position

MONTH 8 2025/2026 – ADULT SOCIAL CARE



NHSH Care Homes Supplementary Staffing

| Care Home | Month 8 | | Total YTD £000's |
|-------------------|------------------|----------------|---------------------|
| | Agency £000's | Bank £000's | |
| Ach an Eas | 8 | 30 | 262 |
| An Acarsaid | 14 | 13 | 148 |
| Bayview House | 4 | 17 | 192 |
| Grant House | 16 | 11 | 194 |
| Home Farm | 22 | 7 | 506 |
| Invernevis | 17 | 13 | 235 |
| Lochbroom | 1 | 20 | 146 |
| Mackintosh Centre | - | - | 17 |
| Mains House | 34 | 8 | 360 |
| Moss Park | 62 | 7 | 664 |
| Melvich | 2 | 5 | 52 |
| Pulteney | - | 32 | 225 |
| Seaforth | - | 26 | 193 |
| Strathburn | - | 3 | 6 |
| Telford | 23 | 9 | 148 |
| Wade Centre | - | 42 | 162 |
| Total | 202 | 245 | 3,509 |

- Highest spend continues to be within those Care Homes that have come under NHS Highland operational delivery since 2020
- Spend in Month 8 is £0.052m higher than in Month 7

MONTH 8 2025/2026 – NOVEMBER 2025



| Current Plan £000 | Division | Plan to Date £000 | Actual to Date £000 | Variance to Date £000 | Forecast Outturn £000 | Forecast Variance £000 |
|----------------------|------------------------------------|-------------------------|---------------------------|-----------------------------|-----------------------------|------------------------------|
| 93.963 | Medical Division | 62.462 | 71.839 | (9.377) | 107.157 | (13.194) |
| 26.162 | Cancer Services | 16.764 | 18.256 | (1.492) | 27.899 | (1.737) |
| 78.363 | Surgical Specialties | 52.347 | 56.490 | (4.143) | 83.267 | (4.904) |
| 41.853 | Woman and Child | 28.313 | 28.400 | (0.087) | 42.444 | (0.591) |
| 49.988 | Clinical Support Division | 33.224 | 34.959 | (1.735) | 51.196 | (1.208) |
| (8.980) | Raigmore Senior Mgt & Central Cost | (6.288) | (6.250) | (0.038) | (8.879) | (0.101) |
| 30.125 | NTC Highland | 19.747 | 18.879 | 0.867 | 28.917 | 1.208 |
| 311.473 | Sub Total - Raigmore | 206.568 | 222.573 | (16.004) | 332.001 | (20.528) |
| 15.320 | Belford | 10.225 | 10.490 | (0.265) | 15.804 | (0.484) |
| 16.377 | CGH | 10.928 | 11.789 | (0.862) | 17.756 | (1.380) |
| 343.170 | Total for Acute | 227.721 | 244.852 | (17.131) | 365.561 | (22.391) |

| Locum/ Agency & Bank Spend | In Month £'000 | YTD £'000 |
|-------------------------------|-------------------|---------------|
| Locum | 938 | 8,434 |
| Agency (Nursing) | 66 | 552 |
| Bank | 699 | 6,146 |
| Agency (Non Med) | 191 | 1,090 |
| Total | 1,893 | 16,221 |

ACUTE

- £17.131m overspend reported year to date
- Forecast that this will increase to £22.391m by the end of the financial year
- Main drivers for overspend continue to be supplementary staffing costs
- £0.260m built into forecast in respect of non compliant resident doctor rotas with a further £0.640m of a pressure now materialising from resident doctor expansion posts
- £16.221m ytd spend on supplementary staffing
- £0.083m deterioration in forecast from Month 7

MONTH 8 2025/2026 – NOVEMBER 2025



| Current Plan £m | Detail | Plan to Date £m | Actual to Date £m | Variance to Date £m | Forecast Outturn £m | Forecast Variance £m |
|--------------------|---------------------------------------|--------------------|----------------------|------------------------|------------------------|-------------------------|
| | Support Services | | | | | |
| 9.489 | Central Services | 8.430 | 10.015 | (1.586) | 8.524 | 0.964 |
| 33.168 | Central Reserves | - | - | - | 48.574 | (15.406) |
| 46.045 | Corporate Services | 30.149 | 27.802 | 2.346 | 43.092 | 2.953 |
| 54.541 | Estates Facilities & Capital Planning | 33.020 | 31.218 | 1.802 | 53.891 | 0.650 |
| 17.102 | eHealth | 11.545 | 12.501 | (0.955) | 18.329 | (1.228) |
| 29.551 | Tertiary | 19.701 | 21.651 | (1.951) | 31.240 | (1.690) |
| 189.895 | Total | 102.844 | 103.188 | (0.344) | 203.651 | (13.756) |

| Locum/ Agency & Bank Spend | In Month £'000 | YTD £'000 |
|----------------------------|-------------------|--------------|
| Locum | 4 | 23 |
| Agency (Nursing) | - | (55) |
| Bank | 305 | 2,076 |
| Agency (Non Med) | 31 | 236 |
| Total | 340 | 2,280 |

SUPPORT SERVICES

- YTD overspend of £0.344m reported with this forecast to increase to £13.756m by the end of the financial year
- The Estates, Facilities & Capital Planning position masks pressures relating to the cost of provisions. The receipt of ADEL funding and lower than anticipated utility costs has led to the forecast underspend
- Within eHealth further increases in the costs of service contracts is the main driver for the overspend. These increases relate to above inflationary uplifts and increasing activity.
- Out of Area Forensic Psychiatry costs, TAVI procedures, rheumatology drugs continue to drive the overspend within Tertiary
- Forecast has improved by £0.067m from Month 7

MONTH 8 2025/2026 – NOVEMBER 2025



| 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 | | | | | |
| 161.781 | Hospital & Community Services | 108.237 | 109.453 | (1.215) | 163.676 | (1.895) |
| 21.013 | Acute & Complex Care | 13.959 | 14.009 | (0.050) | 21.426 | (0.413) |
| 12.975 | Children & Families | 8.654 | 8.808 | (0.154) | 12.975 | - |
| 45.189 | Primary Care inc NCL | 29.934 | 29.998 | (0.065) | 45.978 | (0.789) |
| 25.805 | Prescribing | 16.913 | 16.623 | 0.290 | 26.071 | (0.266) |
| 13.116 | Estates | 9.123 | 9.186 | (0.063) | 13.240 | (0.124) |
| 7.886 | Management Services | 5.004 | 4.704 | 0.300 | 7.683 | 0.203 |
| 20.987 | Central/Public health | 2.124 | (0.002) | 2.126 | 17.177 | 3.810 |
| (1.968) | Central Held Savings | (1.312) | - | (1.312) | (1.000) | (0.968) |
| 306.785 | Total Argyll & Bute | 192.637 | 192.779 | (0.142) | 307.227 | (0.442) |

| Locum/ Agency & Bank Spend | In Month £'000 | YTD £'000 |
|----------------------------|-------------------|--------------|
| Locum & Agency Medical/GP | 581 | 4,589 |
| Agency (Nursing) | 41 | 301 |
| Bank | 326 | 2,387 |
| Agency (Non Med) | 94 | 840 |
| Total | 1,042 | 8,118 |

ARGYLL & BUTE

- Year to date overspend of £0.142m reported with this forecast to increase to £0.442m by the end of the financial year
- Supplementary staff continues to be a significant driver for the position – ytd spend £8.118m
- Out of Board cost per case charges and out of area long stay patient treatments continue to impact on the position
- Vacancies within a number of areas is mitigating forecast slippage against cost reductions/ improvements of £1.476m and other areas of overspend
- £0.062m improvement in forecast from Month 7 due to ongoing vacancies

MONTH 8 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 | 17,327 | -4,964 | 22,291 | 14,186 | -8,105 | 22,291 | 4,599 | 4,349 | 8,947 | -13,343 |
| Value & Efficiency - Argyll & Bute | 7,852 | 7,852 | 0 | 7,852 | 6,376 | -1,476 | 7,852 | 4,182 | 0 | 4,182 | -3,670 |
| Total Value & Efficiency | 30,143 | 25,179 | -4,964 | 30,143 | 20,562 | -9,581 | 30,143 | 8,781 | 4,349 | 13,130 | -17,013 |
| Value & Efficiency - ASC | 6,192 | 1,625 | -4,567 | 6,192 | 1,175 | -5,017 | 6,192 | 0 | 725 | 725 | -5,467 |
| Total Value & Efficiency incl ASC | 36,335 | 26,804 | -9,531 | 36,335 | 21,737 | -14,598 | 36,335 | 8,781 | 5,074 | 13,855 | -22,480 |

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

There is currently a shortfall of **£9.531m (9.567m in M7)** between the 2025–26 savings target and current delivery plan at its 100% value.

MONTH 8 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 | 72% | 28% | | 74% | 26% | | 29% | 9% | | |
| Value & Efficiency - North Highland | 17,327 | 14,914 | 2,412 | 14,186 | 12,576 | 1,610 | 22,291 | 7,782 | 1,165 | -13,343 |
| Value & Efficiency - Argyll & Bute | 7,852 | 3,384 | 4,468 | 6,376 | 2,712 | 3,664 | 7,852 | 2,282 | 1,900 | -3,670 |
| Value & Efficiency (North Highland) | 25,179 | 18,298 | 6,880 | 20,562 | 15,288 | 5,274 | 30,143 | 10,064 | 3,065 | -17,013 |
| Value & Efficiency - ASC | 1,625 | 1,025 | 600 | 1,175 | 746 | 429 | 6,192 | 468 | 257 | -5,467 |
| Total Value & Efficiency incl ASC | 26,804 | 19,323 | 7,480 | 21,737 | 16,034 | 5,702 | 36,335 | 10,532 | 3,323 | -22,480 |

The total planned savings (100% plan) are £26.804m with £19.323m expected to be recurrent.

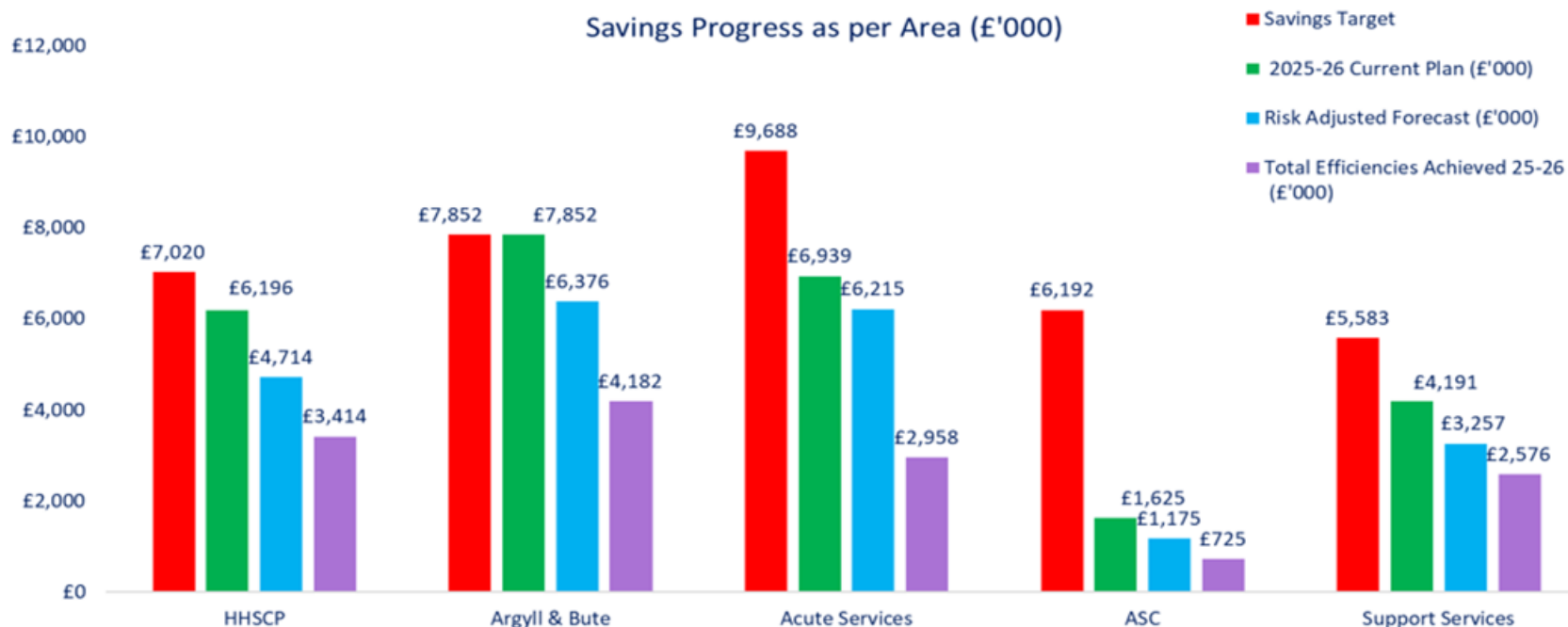
After adjusting for risk, the total expected savings drop to £21.737m with £16.034m being recurrent.

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

MONTH 8 2025/2026 – VALUE & EFFICIENCY PLAN PROGRESS BY AREA



| Area | Savings Target (£'000) | Original Plan @ 100% (£'000) | 2025-26 Current Plan (£'000) | Risk Adjusted Forecast (£'000) | Total Efficiencies Achieved 25-26 (£'000) |
|------------------|------------------------|------------------------------|------------------------------|--------------------------------|---|
| HHSCP | £7,020 | £6,402 | £6,196 | £4,714 | £3,414 |
| Argyll & Bute | £7,852 | £8,052 | £7,852 | £6,376 | £4,182 |
| Acute Services | £9,688 | £6,881 | £6,939 | £6,215 | £2,958 |
| ASC | £6,192 | £1,735 | £1,625 | £1,175 | £725 |
| Support Services | £5,583 | £3,786 | £4,191 | £3,257 | £2,576 |
| Total | £36,335 | £26,855 | £26,804 | £21,737 | £13,855 |



MONTH 8 2025/2026 – NOVEMBER 2025

SUPPLEMENTARY STAFFING



| | 2025/2026 YTD £'000 | 2024/2025 YTD £'000 | Inc/ (Dec) YTD £'000 |
|----------------------|---------------------------|---------------------------|----------------------------|
| HHSCP | 14,076 | 14,042 | 34 |
| Estates & Facilities | 1,080 | 1,127 | (47) |
| E Health | 2 | 7.27 | (6) |
| Corporate | 458 | 606 | (148) |
| Central | 819 | 970 | (151) |
| Acute | 16,221 | 16,364 | (143) |
| Tertiary | - | - | - |
| Argyll & Bute | 8,118 | 8,600 | (482) |
| TOTAL | 40,774 | 41,716 | (942) |

| Current Plan £m | Detail | Plan to Date £m | Actual to Date £m | Variance to Date £m |
|-----------------------|-----------------------------|-----------------------|-------------------------|---------------------------|
| | Pay | | | |
| 140.106 | Medical & Dental | 94.010 | 98.164 | (4.154) |
| 7.585 | Medical & Dental Support | 5.091 | 6.332 | (1.241) |
| 242.313 | Nursing & Midwifery | 161.375 | 160.765 | 0.610 |
| 46.393 | Allied Health Professionals | 30.824 | 28.768 | 2.056 |
| 18.630 | Healthcare Sciences | 12.401 | 12.223 | 0.179 |
| 27.140 | Other Therapeutic | 18.347 | 16.704 | 1.643 |
| 53.351 | Support Services | 35.147 | 33.376 | 1.771 |
| 94.956 | Admin & Clerical | 62.923 | 59.708 | 3.216 |
| 3.465 | Senior Managers | 2.337 | 2.180 | 0.158 |
| 66.900 | Social Care | 44.542 | 40.281 | 4.260 |
| (2.125) | Vacancy factor/pay savings | (6.317) | (2.540) | (3.777) |
| 698.713 | Total Pay | 460.681 | 455.961 | 4.720 |

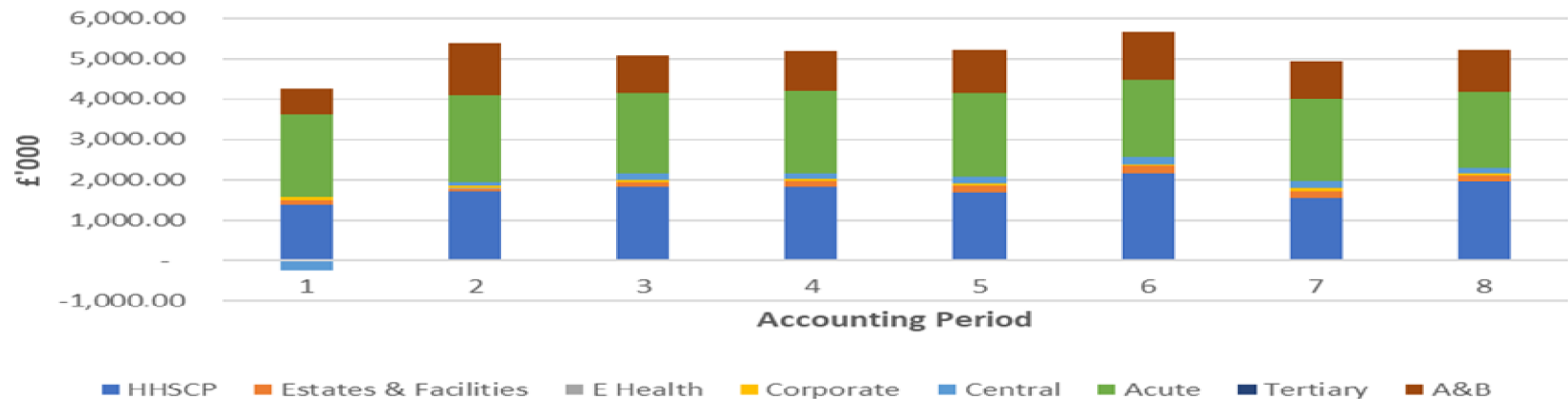
SUPPLEMENTARY STAFFING

- Recorded spend at end of Month 8 is £0.942m lower than at same point in 2024/2025
- Pay underspend of £4.720m reported at the end of Month 8

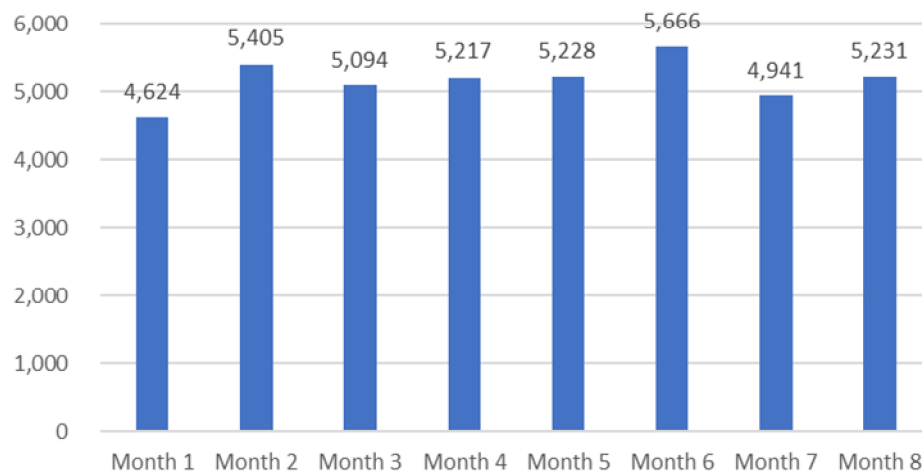
MONTH 8 2025/2026 – NOVEMBER 2025

SUPPLEMENTARY STAFFING

Supplementary Staffing Apr 25 - Nov 25



Supplementary Staffing Total Spend 2025/2026



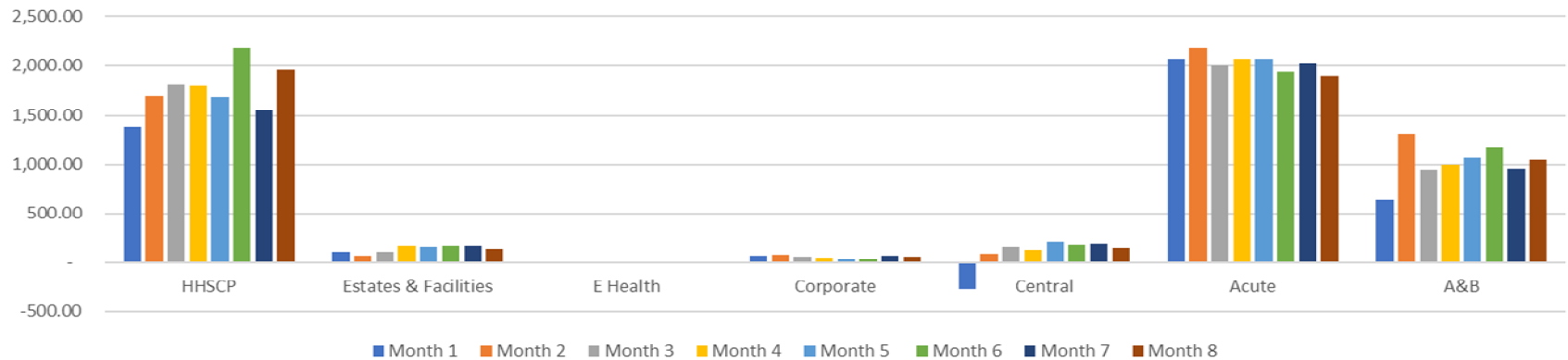
- Month 8 spend is £0.290m higher than Month 7

MONTH 8 2025/2026 – NOVEMBER 2025

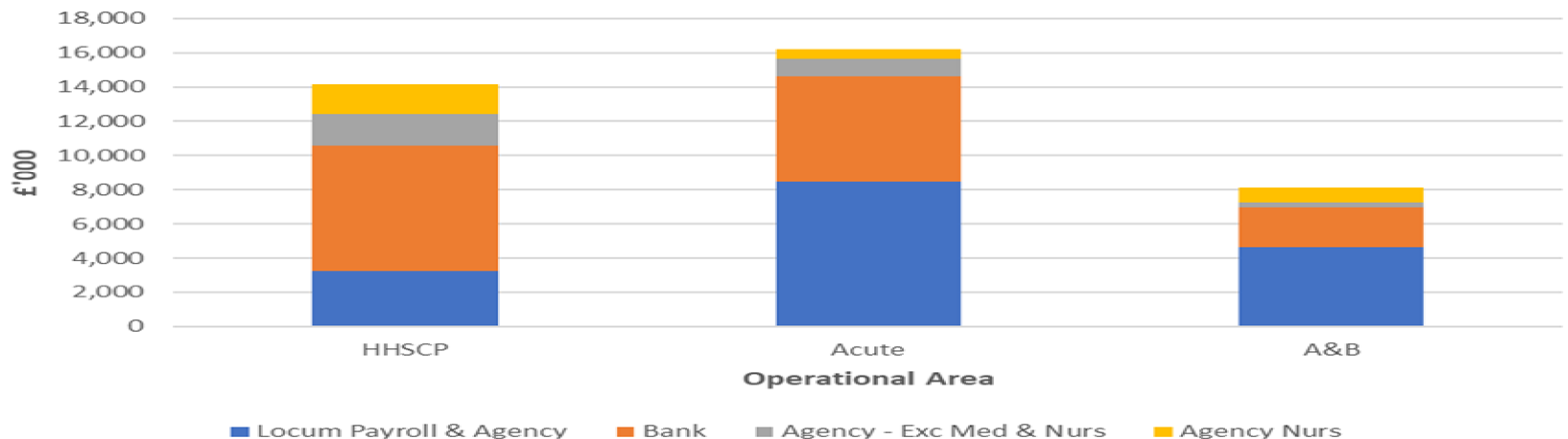
SUPPLEMENTARY STAFFING



Supplementary Staffing - Monthly Run Rate



Operational Area Supplementary Staffing Spend by Type
Month 8 - November 2025



MONTH 8 2025/2026 – NOVEMBER 2025

| Current Plan £m | Detail | Plan to Date £m | Actual to Date £m | Variance to Date £m |
|--------------------|-----------------------------------|-----------------------|-------------------------|---------------------------|
| | Expenditure by Subjective spend | | | |
| 698.713 | Pay | 460.681 | 455.961 | 4.720 |
| 141.359 | Drugs and prescribing | 93.618 | 93.987 | (0.369) |
| 57.354 | Property Costs | 35.275 | 35.338 | (0.063) |
| 44.607 | General Non Pay | 30.290 | 31.312 | (1.023) |
| 58.130 | Clinical Non pay | 38.434 | 43.824 | (5.390) |
| 162.776 | Health care - SLA and out of area | 112.036 | 117.496 | (5.460) |
| 140.784 | Social Care ISC | 93.854 | 104.487 | (10.634) |
| 126.097 | FHS | 83.899 | 83.085 | 0.815 |

| Current Plan £m | Detail | Plan to Date £m | Actual to Date £m | Variance to Date £m |
|--------------------|-----------------------|-----------------------|-------------------------|---------------------------|
| | Drugs and prescribing | | | |
| 57.226 | Hospital drugs | 37.687 | 38.601 | (0.914) |
| 84.133 | Prescribing | 55.931 | 55.386 | 0.545 |
| 141.359 | Total | 93.618 | 93.987 | (0.369) |

SUBJECTIVE ANALYSIS

- Pressures continue to be seen within a number of spend categories
- Vacancies across all staff groups are mitigating the high level of spend on supplementary staffing
- Prescribing data continues to be reviewed for completeness

MONTH 8 2025/2026 – CAPITAL

| Budget (£000) | Scheme | Actual (£000) | Variance (£000) |
|------------------|---------------------------------|------------------|--------------------|
| | FORMULA | | |
| 500 | Contingency | (10) | 510 |
| 1,036 | eHealth | 38 | 998 |
| 1,786 | EPAG | 852 | 934 |
| 1,972 | Estates | 941 | 1,031 |
| 1,000 | Fire Compliance | 197 | 803 |
| 500 | PFI - Mid Argyll | 261 | 239 |
| 500 | PFI - Easter Ross | 233 | 267 |
| 7,294 | Total | 2,513 | 4,782 |
| | PROJECT SPECIFIC FUNDING | | |
| 3,000 | Esates - Lochaber | 1,577 | 1,423 |
| 1,291 | EPAG - NIB | - | 1,291 |
| 888 | EV Chargers | - | 888 |
| 400 | Raigmore LV infrastructure | - | 400 |
| 400 | CGH Internal Drainage | - | 400 |
| 80 | CGH electrical Infrastructure | 2 | 78 |
| 1,700 | Raigmore Fire Compliance | 265 | 1,435 |
| 400 | LIDGH Fire Compliance | - | 400 |
| 80 | Islay Fire Compliance | 14 | 66 |
| - | CGH Cladding | - | - |
| - | ACT Accommodation | 24 | (24) |
| 3,000 | New Craigs Buy Back | 3,000 | - |
| 11,239 | Total | 4,881 | 6,358 |
| | | | |
| 18,533 | Total | 7,394 | 11,139 |

CAPITAL

- Formula Capital of £7.294m received in Month 6
- Following submission of the BCP further funding has also been confirmed (but not yet received) by SG
- Expenditure remains low– 40% of available budget spent
- Significant acceleration of spending required to ensure the allocation is utilised in full by financial year end
- Main areas of spend are on equipment and the Lochaber Redesign project
- Transfer of New Craigs reflected in position

2026/2027 BUDGET NHS HIGHLAND IMPACT



REVENUE

Key Funding Components

1. **Baseline Uplift** - A 2% uplift applies to NHS Highland's baseline funding for 2026-27 (£19.6m).
 - This covers partial costs of the 2026-27 pay settlements (to be fully funded) and provides 2% non-pay inflation support.
 - Requirement to deliver 3% recurring savings annually remains in effect.
2. **Pay Funding** – additional funding above the 2% uplift (£10m) is included to cover:
 - AfC and ESM staff: uplift of 3.75% for 2026-27 as per the 2 year pay deal (additional 1.75%).
 - All other staff groups: 3% uplift in line with Public Sector Pay Policy (additional 1%).
3. **Agenda for Change Reform** - A further £150m recurring funding allocated nationally to support continued implementation of AfC reforms, particularly the additional one-hour reduction in working week from April 2026. Total recurring AfC reform funding now £300m nationally. NHSH share is £20m.
4. **NRAC Parity Funding** - £32.8m nationally allocated to ensure no Board is more than 0.6% from parity. NHS Highland is 0.6% from parity and no additional funding is allocated.

2026/2027 BUDGET NHS HIGHLAND IMPACT



REVENUE (continued)

Key Funding Components

5. Sustainability and Deficit Support - £150m non-recurring national sustainability funding allocated on an NRAC basis to reduce reported deficits. With additional targeted support is available for Boards at higher escalation levels.

6. Policy and Programme Funding

- Non-recurring £100m allocated nationally to support the Operational Improvement Plan (OIP) in 2026-27.

7. Integration Authorities - Additional £167m nationally allocated to Local Government for adult social care, including Real Living Wage uplift and Free Personal Nursing Care inflation. Funding passed to IAs must be additional to 2025-26 recurring budgets.

2026/2027 BUDGET NHS HIGHLAND IMPACT



CAPITAL

- Capital programme prioritises major projects including; University Hospital Monklands, Princess Alexandra Eye Pavilion, the Belford Hospital, the Barra and Vatersay Community Campus.
- Approved projects from the Business Continuity Plans (BCP) will continue to be supported alongside funding made available for BCP Equipment and Sustainability programmes.
- Formula capital remains aligned to 2025-26 levels.
- A revenue funded primary and community care infrastructure investment programme is being developed. Inverness & Nairn have been identified for the first tranche of this.

NEXT STEPS

- Work is ongoing on the first draft of the 2024/2025 – 2026/2027 financial plan
- This is due for submission on 2 February 2026 with the final version due on 16 March 2026
- NHS Boards' financial plans should reflect both local and wider sub-national objectives with Accountable Officers for individual NHS Boards remaining responsible and accountable for their financial position throughout sub-national planning