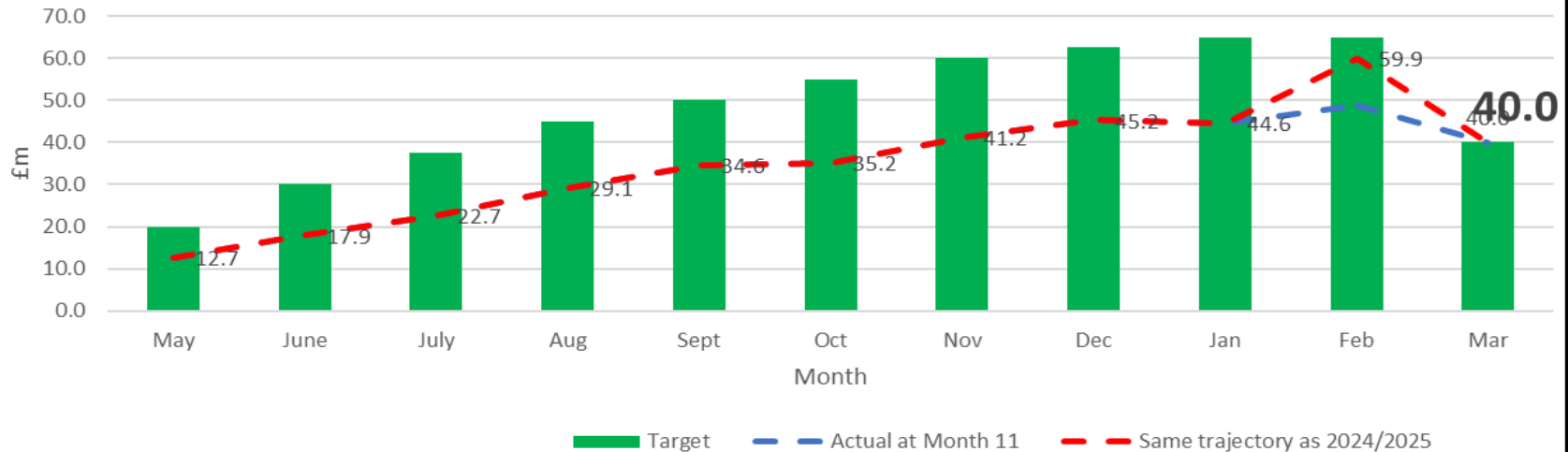


Finance Report –Month 11 (February) 2025/2026

HHSCC – 6 May 2026

MONTH 11 2025/2026 – FEBRUARY 2026

Actual v Planned Financial Performance



Target	YTD £m	YE Position £m
Delivery against Revenue Resource Limit (RRL) DEFICIT/SURPLUS	48.9	40.0
Deliver against plan DEFICIT/SURPLUS	16.1	0.0

- 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
- Current forecast is £40.0m worse than RRL and in line with the target set by SG
- SG have agreed to provide a further £10m to support the Board position and this is reflected within the forecast

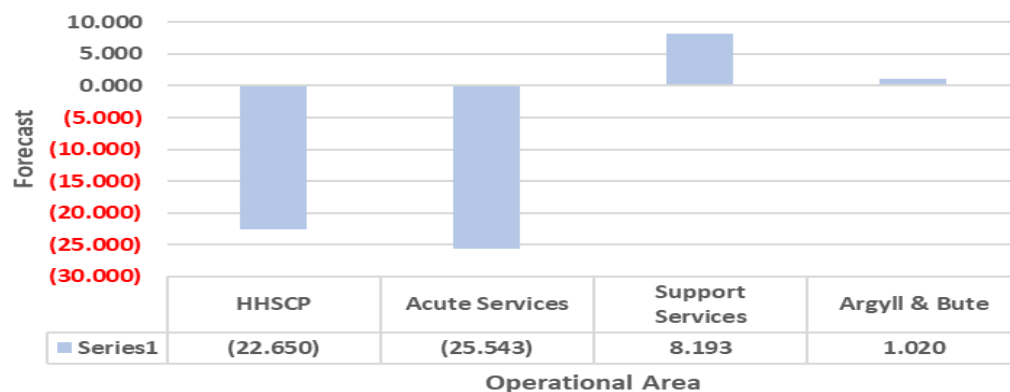
MONTH 11 2025/2026 – FEBRUARY 2026

Current Plan £m	Summary Funding & Expenditure	Plan To Date £m	Actual To Date £m	Variance To Date £m	Forecast Outturn £m	Forecast Variance £m
1,359.619	Total Funding	1,197.902	1,197.902	-	1,359.619	-
	Expenditure					
515.132	HHSCP	468.737	495.701	(26.965)	537.782	(22.650)
347.772	Acute Services	316.049	339.703	(23.654)	373.315	(25.543)
190.320	Support Services	143.082	142.611	0.471	182.127	8.193
1,053.224	Sub Total	927.867	978.015	(50.148)	1,093.224	(40.000)
306.395	Argyll & Bute	270.035	268.815	1.220	305.375	1.020
1,359.619	Total Expenditure	1,197.902	1,246.830	(48.928)	1,398.599	(38.980)
	Management Actions A&B to Breakeven	-	-	-		(1.020)
	Total Expenditure			(48.928)		(40.000)

MONTH 11 2025/2026 SUMMARY

- Year to date overspend of £48.928m reported.
- Year end position of £40.000m overspend forecast
- This forecast includes a further £10m of funding from SG to support the Board position & £5m contribution from Highland Council to support the ASC position.
- No longer assuming ASC will breakeven in the financial year – full ASC overspend included within position
- Mitigating actions, previously reported will close the gap between planned V&E deliverables and the current delivery forecast

Forecast Year End Position



MONTH 11 2025/2026 – FEBRUARY 2026



KEY RISKS/ ISSUES

- ASC – no plan agreed to support delivery of a breakeven position
- Delivery of the Value & Efficiency Cost Reduction/Improvement programme
- SLA with 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
- Potential impact associated with the cost of new drugs
- Financial impact of fragile services
- SLA Uplift
- Allocations less than anticipated



MITIGATIONS

- Ongoing robust governance structures around agency nursing utilisation
- Sustainability funding received from SG
- Funding anticipated from Highland Council in respect of NI rate increase - reflected in Month 10
- 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
- SG will provide £10.0m of additional support to reduce the forecast year end position – this is reflected in the month 9 position
- £5m contribution from Highland Council agreed to support the ASC position
- Reduced CNORIS contribution, additional New Medicines Funding and reduced top-slices

MONTH 11 2025/2026 – FEBRUARY 2026



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	HHSCP					
301.230	NH Communities	274.775	286.973	(12.198)	314.496	(13.267)
62.651	Mental Health Services	57.107	58.673	(1.566)	64.060	(1.409)
171.114	Primary Care	156.512	156.740	(0.228)	171.908	(0.793)
(19.864)	ASC Other includes ASC Income	(19.657)	(6.684)	(12.973)	(12.682)	(7.181)
515.132	Total HHSCP	468.737	495.701	(26.965)	537.782	(22.650)
	HHSCP					
328.361	Health	299.212	301.221	(2.008)	330.153	(1.792)
186.771	Social Care	169.524	194.481	(24.956)	207.629	(20.859)
515.132	Total HHSCP	468.737	495.701	(26.965)	537.782	(22.650)

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	393	4,474
Agency (Nursing)	373	2,892
Bank	964	10,093
Agency (Non Med)	670	2,581
Total	2,401	20,040

HHSCP

- YTD overspend of £26.965m reported with this forecast to reduce to £22.650m by the end of the financial year
- ASC overspend forecast at £20.859m – 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 £1.096m contributing to overspend within Primary Care
- Supplementary staffing costs of £20.040m incurred to date
- High cost out of area placements continue to impact on the Mental Health position

MONTH 11 2025/2026 – FEBRUARY 2026

NORTH HIGHLAND COMMUNITIES



Current Plan £000	Detail	Plan to Date £000	Actual to Date £000	Variance to Date £000	Forecast Outturn £000	Var from Curr Plan £000
84.100	Inverness & Nairn	77.318	82.656	(5.339)	90.415	(6.315)
62.214	Ross-shire & B&S	56.913	61.202	(4.289)	67.201	(4.987)
52.881	Caithness & Sutherland	48.432	49.364	(0.932)	53.948	(1.067)
63.220	Lochaber, SL & WR	57.835	59.444	(1.608)	64.929	(1.709)
19.997	Management	17.239	18.367	(1.127)	20.095	(0.099)
8.426	Community Other AHP	7.719	6.880	0.839	7.509	0.917
10.393	Hosted Services	9.320	9.061	0.259	10.399	(0.006)
301.230	Total NH Communities	274.775	286.973	(12.198)	314.496	(13.267)

109.352	Health	99.111	97.698	1.413	107.191	2.161
191.877	ASC	175.664	189.275	(13.611)	207.305	(15.428)

NORTH HIGHLAND COMMUNITIES

- YTD overspend of £12.198m reported with this forecast to increase to £13.267m by the end of the financial year
- Elements of unfunded services with ECS, Chronic Pain and Sexual Health continue to impact on position – these are reducing and are subject to ongoing scrutiny
- The high level of supplementary staffing spend is being mitigated by vacancies in all areas of the service
- Pressures within the equipment store continue to contribute to an overspend in non-pay costs

MONTH 11 2025/2026 – FEBRUARY 2026

MENTAL HEALTH SERVICES



Current Plan £m's	Summary Funding & Expenditure	Plan to Date £m's	Actual to Date £m's	Variance to Date £m's	Forecast Outturn £m's	Var from Curr Plan £m's
	Mental Health Services					
47.548	Adult Mental Health	43.580	44.541	(0.961)	48.636	(1.089)
9.810	CMHT	8.970	8.840	0.130	9.643	0.168
1.913	LD	1.754	2.447	(0.692)	2.668	(0.755)
3.381	D&A	2.803	2.846	(0.043)	3.113	0.268
62.652	Total Mental Health Services	57.107	58.673	(1.566)	64.060	(1.409)
47.894	Health	43.589	46.783	(3.193)	51.054	(3.160)
14.757	ASC	13.517	11.890	1.627	13.008	1.750

MENTAL HEALTH SERVICES

- YTD overspend of £1.566m reported with this forecast to reduce to an overspend of £1.409m by the end of the financial year
- Supplementary staffing costs due to increased acuity of patients and vacancies is the main driver – however, work continues to bring down the level of overall supplementary staffing spend and it is in part mitigated by the level of vacancies within the service
- Recruitment challenges are driving up locum costs within psychiatry (£1.497m) but the overall level of vacancies is masking the full cost of supplementary staffing
- Out of area placements continue to be a significant driver to the overspend position - £1.688m

MONTH 11 2025/2026 – FEBRUARY 2026

PRIMARY CARE



Current Plan £m's	Detail	Plan to Date £m's	Actual to Date £m's	Variance to Date £m's	Forecast Outturn £m's	Var from Curr Plan £m's
	Primary Care					
65.950	GMS	59.594	60.558	(0.964)	66.576	(0.626)
70.405	GPS	64.516	64.041	0.474	69.954	0.451
26.687	GDS	24.612	22.932	1.680	25.050	1.637
6.475	GOS	5.904	5.929	(0.025)	6.516	(0.041)
1.597	PC Management	1.886	3.279	(1.393)	3.811	(2.214)
171.114	Total Primary Care	156.512	156.740	(0.228)	171.908	(0.793)

PRIMARY CARE

- YTD overspend of £0.228m reported with this forecast to increase to £0.793m by the end of the financial year
- Ongoing vacancies in PC management and GDS continue to mitigate pressures in GMS and GPS
- The pressure associated with locum usage within the Board's 2C practices is forecast at £1.702m by the end of the financial year

MONTH 11 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	65.023	59.490	62.987	(3.497)	69.234	(4.211)
Total Older People - Care at Home	40.188	36.808	41.625	(4.817)	45.503	(5.315)
Total People with a Learning Disability	53.448	48.918	52.484	(3.566)	57.640	(4.192)
Total People with a Mental Illness	11.370	10.409	8.904	1.506	9.714	1.656
Total People with a Physical Disability	10.267	9.398	10.281	(0.883)	11.196	(0.929)
Total Other Community Care	13.713	12.568	11.400	1.169	12.156	1.557
Total Support Services	(7.238)	(8.067)	6.369	(14.437)	1.545	(8.783)
Care Home Support/Sustainability Payments	-	-	0.432	(0.432)	0.641	(0.641)
Total Adult Social Care Services	186.771	169.524	194.481	(24.956)	207.629	(20.859)

ADULT SOCIAL CARE

- YTD an overspend of £24.956m is reported with this forecast to reduce to £20.589m by the end of the financial – this reflects anticipated contribution of £5.000m from Highland Council
- Mitigations are in place to reduce the impact of the ASC position on the overall Board position
- NI funding received from Highland Council and reflected in the position
- £4.630m of supplementary staffing costs within in-house care homes are included within the year to date position

MONTH 11 2025/2026 – ADULT SOCIAL CARE



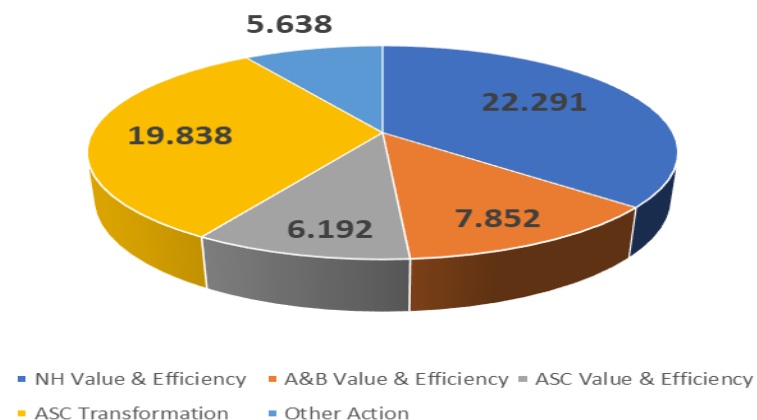
NHSH Care Homes Supplementary Staffing

Care Home	Month 11		Total YTD £000's
	Agency £000's	Bank £000's	
Ach an Eas	1	32	366
An Acarsaid	5	15	204
Bayview House	5	21	262
Grant House	30	10	295
Home Farm	49	6	700
Invernevis	15	21	322
Lochbroom	-	17	185
Mackintosh Centre	-	1	19
Mains House	44	4	473
Moss Park	(119)	6	669
Melvich	-	4	64
Pulteney	-	24	303
Seaforth	-	27	273
Strathburn	-	8	19
Telford	38	8	251
Wade Centre	-	20	224
Total	68	223	4,630

- Significant spend across a number of care homes – Home Farm, Mains House and Moss Park remain the highest spend areas
- Spend in Month 11 is £0.129m lower than in Month 10

MONTH 11 2025/2026 – FEBRUARY 2026

**Cost Reduction/ Improvement Target
£m**



COST REDUCTON/ IMPROVEMENT

- NHS Highland submitted a financial plan to Scottish Government in March 2025 detailing a cost reduction/ improvement programme of £54.235m
- Whilst a further submission was made in Jue with a revised net financial gap of £40.005m the savings programme within the March submission remained unchanged

Area of Cost Reduction/ Improvement	Target £000s
NH Value & Efficiency	22.291
A&B Value & Efficiency	7.852
ASC Value & Efficiency	6.192
ASC Transformation	19.838
Other Action	5.638
Follow up actions post March Fin Plan Submission	10.180
Total Cost Reduction/ Improvement Target	71.991

MONTH 11 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)

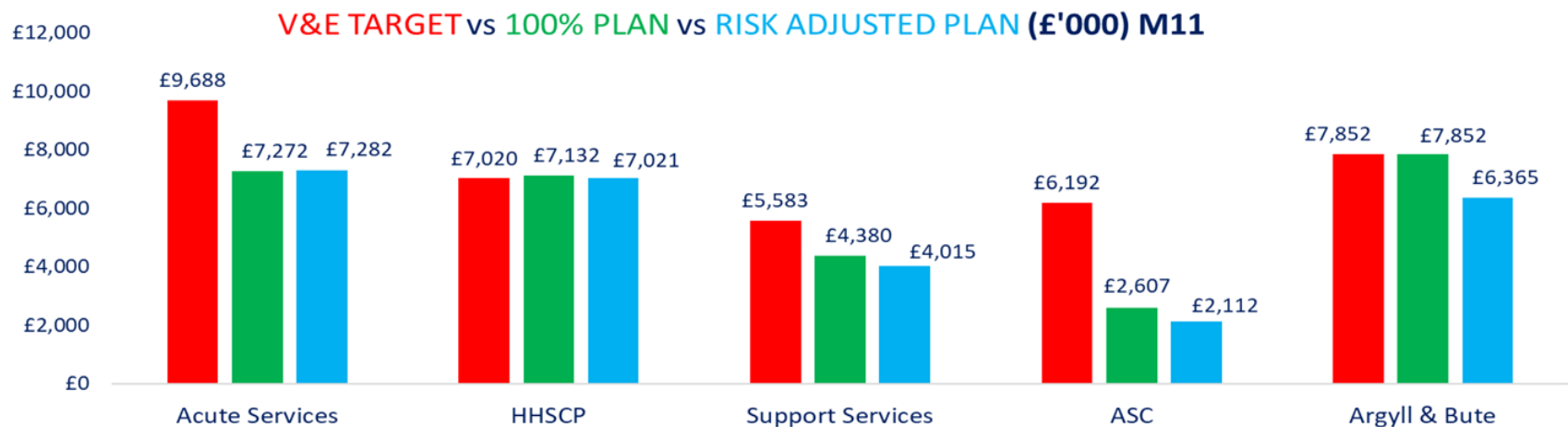
Reduction Programmes - Area	100%			Risk Adjusted Forecast (RAF)			Savings Achieved				
	Allocated Target	Current Plan	Plan GAP	Allocated Target	Risk Adjusted Forecast (RAF)	Risk Adjusted Plan GAP	Allocated Target	Budget Savings Achieved	Cost Reductions Achieved	Total Savings Achieved	Current Savings GAP
Value & Efficiency - North Highland	22,291	18,784	-3,506	22,291	18,318	-3,973	22,291	8,841	7,492	16,334	-5,957
Value & Efficiency - Argyll & Bute	7,852	7,852	0	7,852	6,365	-1,487	7,852	6,365	0	6,365	-1,487
Total Value & Efficiency	30,143	26,636	-3,506	30,143	24,683	-5,460	30,143	15,206	7,492	22,699	-7,444
Value & Efficiency - ASC	6,192	2,607	-3,585	6,192	2,112	-4,080	6,192	0	1,617	1,617	-4,575
Total Value & Efficiency incl ASC	36,335	29,243	-7,091	36,335	26,795	-9,539	36,335	15,206	9,110	24,316	-12,019

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 **£7.091m (7.970m in M10)** between the 2025–26 savings target and current delivery plan at its 100% value.

MONTH 11 2025/2026 – VALUE & EFFICIENCY – TARGET, PLAN & RISK ADJUSTED PLAN BY AREA



MONTH 11 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	66%	34%		69%	31%		45%	22%		
Value & Efficiency - North Highland	18,784	14,970	3,815	18,318	14,844	3,474	22,291	12,868	3,465	-5,957
Value & Efficiency - Argyll & Bute	7,852	3,384	4,468	6,365	2,705	3,660	7,852	2,615	3,750	-1,487
Value & Efficiency (North Highland)	26,636	18,354	8,283	24,683	17,549	7,134	30,143	15,483	7,215	-7,444
Value & Efficiency - ASC	2,607	1,030	1,577	2,112	960	1,152	6,192	891	727	-4,575
Total Value & Efficiency incl ASC	29,243	19,383	9,860	26,795	18,510	8,286	36,335	16,374	7,942	-12,019

The total planned savings (100% plan) are £29,243m with £19,383m expected to be recurrent.

After adjusting for risk, the total expected savings drop to £26,795m with £18,510m being recurrent.

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

MONTH 11 2025/2026 – VALUE & EFFICIENCY – HHSCP



Reduction Programmes	Target Allocated	Value & Efficiency Plan as per Scheme			Savings Achieved (All budget savings recorded on the ledger and YTD cost reductions)			M11	M10	Movement in RAF
		Current Plan @ 100%	Risk Adjusted Forecast	GAP (Target less Risk Adj Forecast)	Savings Achieved	Recurrent	Non-Recurrent	Risk Adjusted Forecast	Risk Adjusted Forecast	
HHSCP										
AHP Direct Engagement		50	35		21	21	0	35	31	4
Dental Redesign		851	851		851	851	0	851	851	0
Fleet and Travel		45	45		45	45	0	45	45	0
HHSCP - Clinical Stores		0	0		0	0	0	0	0	0
HHSCP - Postages		0	0		0	0	0	0	0	0
HHSCP - Unfunded Posts		34	34		34	34	0	34	34	0
HHSCP Travel		59	59		57	57	0	59	59	0
MHLD Discharge Pathway		2	2		2	2	0	2	2	0
MHLD Notes Retrieval		0	0		0	0	0	0	0	0
MHLD Reduction in Costs / Out of Area Placements		193	129		98	98	0	129	129	0
MHLD Reduction in Drug Costs		5	5		4	4	0	5	5	0
MHLD Reduction in Travel and Transport (inc taxis and pool cars)		70	70		60	60	0	70	70	0
New Craigs Hospital - Supplementary Nursing Staff		410	410		376	376	0	410	410	0
Oral Nutritional Supplements (ONS) Direct Supply		0	0		0	0	0	0	0	0
Police Custody/ SARC/ Forensic Medical Examiner (FME)		10	10		8	8	0	10	10	0
Prescribing - Highland - HHSCP		4,922	4,922		4,691	3,748	942	4,922	4,809	113
Prescribing - Sustainable - HHSCP		0	0		0	0	0	0	0	0
Printing, mail and communication services		52	52		52	0	52	52	42	11
Procurement Consolidation and Efficiency		6	6		6	0	6	6	6	0
Supplementary Staffing - Medical - MH -SUPP REDUCTION IN LOCUM COSTS		38	38		35	35	0	38	38	0
Supplementary Staffing - Nursing - HHSCP (Community Hospitals)		58	58		48	48	0	58	58	0
Supplementary Staffing Primary Care 2C		327	294		194	194	0	294	294	0
TARA HHSCP		0	0		0	0	0	0	0	0
Time to Care		0	0		0	0	0	0	0	0
Warehousing/Stores Optimisation		0	0		0	0	0	0	0	0
Vaccination Service		0	0		0	0	0	0	0	0
Total HHSCP	7,020	7,132	7,021	1	6,581	5,580	1,001	7,021	6,893	128

MONTH 11 2025/2026 – FEBRUARY 2026

SUPPLEMENTARY STAFFING



	2025/2026 YTD £'000	2024/2025 YTD £'000	Inc/ (Dec) YTD £'000	Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
HHSCP	19,960	18,744	(1,216)	29.338	Pay	26.822	26.052	0.770
				4.678	Medical & Dental	4.288	4.242	0.046
				75.858	Medical & Dental Support	69.517	70.364	(0.847)
				18.766	Nursing & Midwifery	17.170	15.975	1.196
				0.034	Allied Health Professionals	0.031	-	0.031
				12.380	Healthcare Sciences	11.374	10.252	1.122
				7.797	Other Therapeutic	7.147	6.772	0.375
				25.680	Support Services	23.295	22.025	1.271
				0.408	Admin & Clerical	0.374	0.172	0.202
				62.029	Senior Managers	56.814	51.003	5.811
				0.435	Social Care	0.399	0.396	0.003
				(0.277)	Ambulance Services	(0.281)	-	(0.281)
				237.126	Vacancy factor/pay savings	216.950	207.253	9.698
					Total Pay			

SUPPLEMENTARY STAFFING

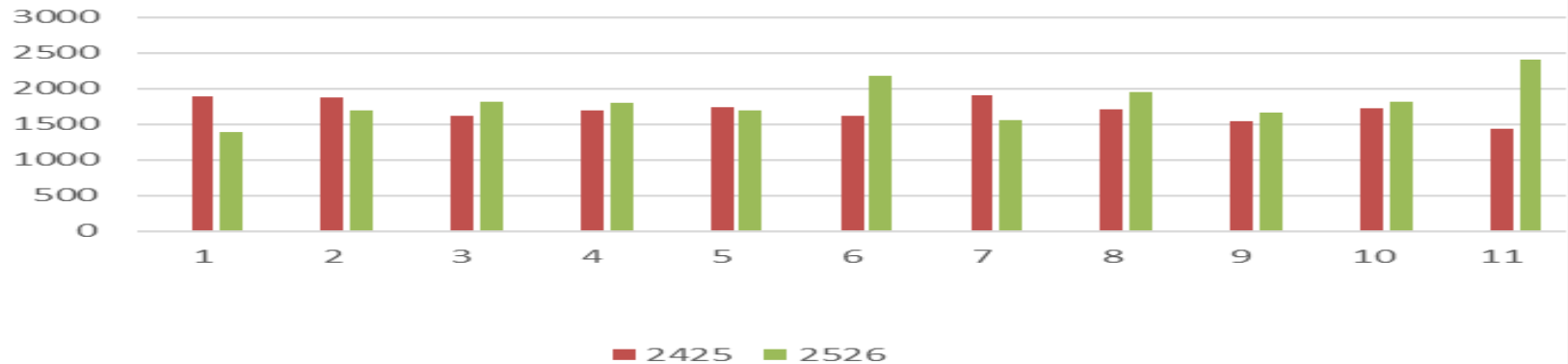
- Recorded spend at end of Month is £1.216m lower than at same point in 2024/2025
- Pay underspend of £9.698m reported at the end of month 11

MONTH 11 2025/2026 – FEBRUARY 2026

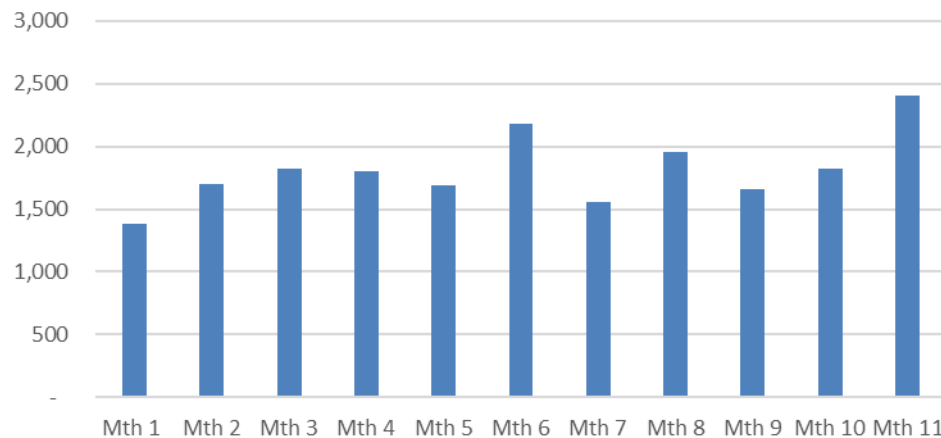
SUPPLEMENTARY STAFFING



HHSCP - SUPPLEMENTARY STAFFING -
MONTHLY RUN RATE



HHSCP - TOTAL SUPPLEMENTARY SPEND
2025/2026



- Month 11 spend is £0.579m higher than Month 10