

NHS Greater Glasgow and Clyde	Paper No. 26/42
Meeting:	NHSGGC Board Meeting
Meeting Date:	30 April 2026
Title:	2026-27 to 2028-29 Financial Plan
Sponsoring Director:	Michael Breen, Director of Finance
Report Author:	Stuart Wilson, Deputy Director of Finance- Financial Planning & Performance

## 1. Purpose

**The purpose of this report is:**

To provide the NHSGGC Board with a summary of the 2026-27 to 2028-29 Financial Plan which has now been approved by Scottish Government.

**Appendix 1** to this report provides the detailed 2026-27 to 2028-29 Financial Plan including planning assumptions, expected position across the reporting period and the S&V programme required.

## 2. Executive Summary

**The paper can be summarised as follows:**

Iterations of the 2026-27 to 2028-29 Financial Plan have been considered by both the NHSGGC Board previously as well as the Finance Planning and Performance Committee and Corporate Management Team.

***No changes have been made to the 2026-27 to 2028-29 Financial Plan which was approved by the NHSGGC Board for submission to Scottish Government in March 2026.***

NHSGGC's Financial Plan is structured on a final breakeven outturn for 2026-27. However, there is a significant financial challenge to be met to achieve this position. Within the 2026-27 position the forecast deficit before identified Sustainability & Value schemes is - **£194,706,874** which represents 5.79% of the 2026-27 baseline RRL allocation for NHSGGC.

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The provisional financial deficits for 2027-28 and 2028-29 worsen further based on the planning assumptions provided by SG particularly driven by increases in drugs costs and non-pay inflation.

A key assumption within the overall Financial Plan is the delivery of a balanced position across the six IJBs for the period 2026-27 through to 2028-29. There is a risk that some IJBs within NHSGGC will not be able to achieve their financial performance targets and in this regard, any overspend could potentially worsen the overall NHSGGC position.

**Table 1** below summarises the three-year position.

Table 1

<b>Net Position after S&amp;V Programme</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
NHSGGC Board Budgets	0	-59,887,573	-56,557,700
Net Position % of NHSGGC Board RRL Baseline Allocation	0.00%	-2.66%	-2.47%

Key assumptions/issues in the Financial Plan include.

### Baseline Recurring Deficit

NHS GGC is projected to begin 2026-27 with a recurring deficit of **-£208,235,331** as set out in the **Table 2** below.

Table 2

<b>2025-26 Opening Recurring Deficit</b>	<b>-208,235,331</b>
2025-26 Recurring Savings Achieved (Month 10)	29,716,221
2024-25 Cost Pressures Baselined	-116,688
NRAC Rebasing	-30,000,000
<b>2026-27 Opening Recurring Deficit</b>	<b>-208,635,798</b>

### Additional Income

NHSGGC's baseline allocation for 2026-27 is £3,364,736,687. This includes a 2% inflationary uplift on baseline of £65,290,828 and further funding for 2026-27 pay costs of £32,324,195). The pay allocation is a "top up" on the 2% baseline allocation and is to cover a 3.75% increase in pay costs for Agenda for Change and Executive and Senior Management staffing and 3% for all other staffing groups.

In addition to the above, a further £32,580,275 has been received for 2026-27 Agenda for Change Reform, which is assumed as fully committed to support the key changes, most notably the Band 5 to 6 review and a further decrease of 1 hour in contracted working hours.

NHSGGC have received £32,580,000 of non-recurring Sustainability funding. Within the planning assumptions provided by Scottish Government this sustainability funding will reduce to £16,290,000 in 2027-28 with a further reduction planned of £8,145,000 in 2028-29.

As confirmed by the Chief Financial Officer for NHS Scotland, NHSGGC has assumed a non-recurring £30,000,000 to support our position in 2026-27 only.

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Included within the assumptions are a 3% inflationary uplift on our SLA activity and further income following NHSGGC's work in 2025-26 to rebase our SLA cost apportionment.

### Additional Expenditure

A pay uplift has been modelled on a 3.75% increase for Agenda for Change and Executive and Senior Management staffing and 3% for all other staffing groups for 2026-27 and 2% for the remaining two years of the plan. For 2026-27, this totals £101,710,953 for both NHSGGC Board and NHSGGC delegated budgets.

Non pay pressures (excluding drugs) for 2026-27 total £26,187,394 for 2026-27. This is based on shared national assumptions against different non-pay categories. No inflation is assumed against energy costs at this time based on National assumptions.

Inflation for Hospital Drugs and GP prescribing is based on 10% uplift each year of the plan, totalling £30,761,839 and £27,823,809 respectively for 2026-27. The actual Drugs budget for 2026-27 will be part of the consideration within the overall S&V programme.

Inflation for Service Level Agreements and Other Purchase of Healthcare totals £2,911,084.

Costs of £14,682,929 are included within the Financial Plan in relation to infrastructure and local developments in 2026-27. In respect of Regional and National developments (totalling £16,586,301), this includes costs for NSD risk share increases and business case prioritisation. £6,100,000 has been included within this total in respect of business systems replacement costs. These costs and assumptions will be subject to further review, and we will ensure these forecasts are aligned to further National guidance on assumptions.

### Sustainability & Value Programme

To address the financial challenge outlined in the Financial Plan, NHSGGC require to deliver savings of **-£194,706,874** being **-5.79%** of baseline funding. **Table 3** below sets out targets based on This is based on planned actions and expected further actions based on historic experience.

Table 3

Item	2026-27 S&V In-Year Target	2026-27 Recurring Target	2026-27 Non-Recurring Target
Cost Containment (incl. drugs)	35,761,839	35,761,839	0
Financial Management	55,970,321	0	55,970,321
Acute Division (excl, drugs) 3%	58,321,809	58,321,809	0
Corporate Departments 5%	15,093,436	0	15,093,436
Estates & Facilities 4%	14,559,470	4,367,841	10,191,629
Income Maximisation	2,000,000	2,000,000	0
Procurement	11,000,000	5,500,000	5,500,000
Estates Strategy	2,000,000	2,000,000	0
<b>Total</b>	<b>194,706,874</b>	<b>107,951,489</b>	<b>86,755,385</b>

These assumptions are in excess of current 2026-27 S&V plans submitted by Directorates but are based on expected actions guided by historical performance. Updated S&V plans

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fall short of this planned level and significant further work is required to develop the savings pipeline for 2026-27 to deliver this planned position.

Support is required from the Corporate Management Team to deliver a renewed S&V approach, considering the following.

- Revised S&V Board
- Base Budget / Service Reviews of specific areas in Acute and Estates with material financial overspends.
- Enhanced Vacancy management controls.
- Identification of Lead Directors/Senior Responsible Owners for Acute/GGC-wide projects including targeted and systematic service efficiency reviews, acceleration of digital implementation, waste reduction, and product standardisation.
- Accelerated development of Estates strategy and reduction in NHSGGC footprint.
- Development of NHSGGC Blueprint and underlying financially sustainable services.
- Effective local governance to ensure that financial pressures are identified early, actions developed and monitored with escalation, as necessary.
- Specific monitoring of acute drug expenditure and limiting growth below financial planning assumptions.
- Reminder of Budget holder responsibilities, Finance providing certainty on Directorate budgets (including savings) and requesting Director sign off on budgetary limits and adherence with Standing Financial Instructions.

### Risks

The finalised plan includes a section which sets out key risks to the NHSGGC position, including the level of recurring Operational Improvement Funding, AfC Reform and IJBs position.

### Capital Position

The 2026-27 to 2028-29 Capital Plan proposals include the expected level of capital funding for the 3-year period which is detailed further in **Table 4** below.

Table 4

<b>Funding Summary</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
SG National Formula Allocation	£41,259,000	£41,259,000	£41,259,000
SG Additional Projects being Supported	£41,403,000	£13,514,000	£7,568,000
<b>Gross Capital Resources</b>	<b>£82,662,000</b>	<b>£54,773,000</b>	<b>£48,827,000</b>
Requested Capital to Revenue Transfer	-£3,250,000	-£3,250,000	-£3,250,000
<b>Net GGC Capital Resources</b>	<b>£79,412,000</b>	<b>£51,523,000</b>	<b>£45,577,000</b>

## Next Steps

Financial performance in year and the development of actions to tackle the financial challenge will be reported accordingly to the Corporate Management Team, Finance, Planning and Performance Committee, and the NHSGGC Board throughout 2026-27.

## 3. Recommendations

**The NHSGGC Board is asked to consider the following recommendations:**

- Note the 2026-27 to 2028-29 Financial Plan as outlined within this paper has now been approved by Scottish Government.
- Note the 2026-27 breakeven position being reported and the projected deficits in 2027-28 of **-£59,887,573** and **-£56,557,700** for 2028-29.
- Note the financial challenges faced over the medium-term period and the planned actions being undertaken to achieve breakeven.

## 4. Response Required

Given the approval of the NHSGGC Finance Plan is reserved for Scottish Government and previous approval had been received by the NHSGGC Board in March 2026 for submission of the Financial Plan to Scottish Government this paper is being presented for **awareness**.

## 5. Impact Assessment

**The impact of this paper on NHSGGC's corporate aims, approach to equality and diversity and environmental impact are assessed as follows:**

- |                        |                 |
|------------------------|-----------------|
| • Better Health        | Positive impact |
| • Better Care          | Positive impact |
| • Better Value         | Positive impact |
| • Better Workplace     | Positive impact |
| • Equality & Diversity | Positive impact |
| • Environment          | Positive impact |

## 6. Engagement & Communications

**The issues addressed in this paper were subject to the following engagement and communications activity:**

- Reviewed by the Finance Senior Management Team
- Finance Plan V1 considered by CMT and Finance, Planning & Performance Committee
- Sustainability and Value performance discussed at the S&V Programme Board
- Capital performance is discussed at the Capital Planning Group

## **7. Governance Route**

**This paper has been previously considered by the following groups as part of its development:**

Corporate Management Team: 16 March 2026

NHSGGC Board: 25 March 2026

## **8. Date Prepared & Issued**

Date Prepared: 15 April 2026

Date Issued: 22 April 2026

# NHS Greater Glasgow & Clyde (NHSGGC)

## 2026-27 to 2028-29 Financial Plan

### 1. Financial Plan Summary

The Financial Plan for NHSGGC considers the three-year financial reporting period from 2026-27 to 2028-29.

In summary.

- NHSGGC is projecting a breakeven outturn in 2026-27 forecast deficit after identified Sustainability & Value schemes of £194,706,874. The financial challenge of £194,706,874 is 5.79% of the 2026-27 baseline RRL allocation for NHSGGC.
- The provisional financial deficits for 2027-28 and 2028-29 worsen based on the planning assumptions provided by Scottish Government particularly driven by increases in drugs costs and non-pay inflation. Further work is required to develop a medium-term financial strategy to deliver breakeven over the full three-year period.
- The Financial Plan assumes the delivery of a balanced position across the six IJBs for the period 2026-27 through to 2028-29. The delegated budgets for all 6 IJBs continue to be pressurised and as such the assumption of a balanced position in each of the three financial years is a significant risk that requires to be articulated. On the basis that this risk crystallises the overall position of NHSGGC would worsen beyond the figures submitted.
- Work continues to develop a robust savings pipeline to address the financial challenge in 2026-27.

This paper sets out the current position across the underlying elements of the Financial Plan, assumptions and the further work required to address the financial challenge.

Table 1 below summarises the financial position over the three-year period for NHSGGC Board Budgets and Table 2 outlines the financial position over the period for the NHSGGC delegated IJB budgets.

Table 1: 2026-27 to 2028-29 NHSGGC Financial Summary (NHSGGC Board Budgets)

NHSGGC Non-Delegated Budgets	2026-27	2027-28	2028-29
Net Position after S&V Programme	0	-59,887,573	-56,557,700
Net Position after S&V Programme % of RRL	0.00%	-2.66%	-2.47%

Table 2: 2026-27 to 2028-29 IJBs Financial Summary (NHSGGC Delegated Budgets)

IJB Delegated Budgets	2026-27	2027-28	2028-29
Net Position after S&V Programme	0	0	0
Net Position after S&V Programme % of RRL	0.00%	0.00%	0.00%

Tables 3 to 5 provide further details on each of the three Financial Years.

Table 3: 2026-27 Summary

	<b>2026-27 NHSGGC</b>	<b>2026-27 IJBs</b>	<b>2026-27 Total</b>
Underlying Deficit Carried Forward	-208,635,798	0	-208,635,798
Total Income	214,129,542	35,512,123	249,641,665
Total Expenditure	-200,200,618	-58,328,733	-258,529,351
<b>Deficit Before S&amp;V Schemes</b>	<b>-194,706,874</b>	<b>-22,816,610</b>	<b>-217,523,484</b>

S&V Programme	194,706,874	22,816,610	217,523,484
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<b>Net Position after S&amp;V Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Position after S&V Programme % of RRL	0.00%	0.00%	0.00%

Table 4: 2027-28 Summary

	<b>2027-28 NHSGGC</b>	<b>2027-28 IJBs</b>	<b>2027-28 Total</b>
Underlying Deficit Carried Forward	-135,106,152	0	-135,106,152
Total Income	100,375,243	23,917,729	124,292,972
Total Expenditure	-123,656,663	-43,247,873	-166,904,536
<b>Deficit Before S&amp;V Schemes</b>	<b>-158,387,573</b>	<b>-19,330,144</b>	<b>-177,717,717</b>

S&V Programme	98,500,000	19,330,144	117,830,144
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<b>Net Position after S&amp;V Programme</b>	<b>-59,887,573</b>	<b>0</b>	<b>-59,887,573</b>
Net Position after S&V Programme % of RRL	-2.66%	0.00%	-1.74%

Table 5: 2028-29 Summary

	<b>2028-29 NHSGGC</b>	<b>2028-29 IJBs</b>	<b>2028-29 Total</b>
Underlying Deficit Carried Forward	-106,302,542	0	-106,302,542
Total Income	80,276,040	24,396,084	104,672,123
Total Expenditure	-118,031,198	-46,561,326	-164,592,523
<b>Deficit Before S&amp;V Schemes</b>	<b>-144,057,700</b>	<b>-22,165,242</b>	<b>-166,222,942</b>

S&V Programme	87,500,000	22,165,242	109,665,242
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<b>Net Position after S&amp;V Programme</b>	<b>-56,557,700</b>	<b>0</b>	<b>-56,557,700</b>
Net Position after S&V Programme % of RRL	-2.47%	0.00%	-1.62%



## 2. 2026-27 Detailed Position

Table 6 below outlines the detailed Financial Position for 2026-27 with subsequent commentary on each area of income and expenditure within this section of the paper.

Table 6: 2026-27 Financial Plan

2026-27 Financial Year	NHSGGC Recurring	NHSGGC Non-Recurring	NHSGGC Total	IJB Total	Grand Total
Underlying Deficit Carried Forward	-208,635,798	0	-208,635,798	0	-208,635,798

### Income

Baseline Funding Uplift	42,398,900	0	42,398,900	22,891,928	65,290,828
Additional Pay Allocation	22,895,535	0	22,895,535	9,428,660	32,324,195
AfC Reforms Allocation	32,580,275	0	32,580,275	0	32,580,275
Sustainability Funding £150m	0	32,580,000	32,580,000	0	32,580,000
SG Additional Allocation	0	30,000,000	30,000,000	0	30,000,000
New Medicines Fund	-637,892	0	-637,892	0	-637,892
2025-26 SLA Rebasing	30,631,680	0	30,631,680	0	30,631,680
SLAs Income Uplift	20,685,860	0	20,685,860	1,039,535	21,725,395
Non-Recurring Allocations-Pay	2,995,184	0	2,995,184	2,152,000	5,147,184
<b>Total Income</b>	<b>151,549,542</b>	<b>62,580,000</b>	<b>214,129,542</b>	<b>35,512,123</b>	<b>249,641,665</b>

### Expenditure

Hospital Drugs	-30,761,839	0	-30,761,839	0	-30,761,839
GP Prescribing	0	0	0	-27,823,809	-27,823,809
Pay Award	-79,402,155	0	-79,402,155	-22,308,797	-101,710,953
AfC Reforms Expenditure	-32,580,000	0	-32,580,000	0	-32,580,000
Non-Pay Inflation	-23,276,310	0	-23,276,310	-8,196,127	-31,472,437
Purchase of Healthcare: Service Level Agreements	-2,665,495	0	-2,665,495	0	-2,665,495
Purchase of Healthcare: Other	-245,589	0	-245,589	0	-245,589
Financial Plan Developments: Infrastructure	-562,021	-3,298,000	-3,860,021	0	-3,860,021
Financial Plan Developments: Local	-7,150,000	-3,672,908	-10,822,908	0	-10,822,908
Financial Plan Developments: National & Regional	-9,327,976	-7,258,325	-16,586,301	0	-16,586,301
<b>Total Expenditure</b>	<b>-185,971,385</b>	<b>-14,229,233</b>	<b>-200,200,618</b>	<b>-58,328,733</b>	<b>-258,529,351</b>

In Year Position	-34,421,843	48,350,767	13,928,924	-22,816,610	-8,887,686
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Deficit Before S&V Schemes	-243,057,641	48,350,767	-194,706,874	-22,816,610	-217,523,484
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S&V Programme	107,951,489	86,755,386	194,706,874	22,816,610	217,523,484
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<b>Net Position after S&amp;V Programme</b>	<b>-135,106,152</b>	<b>135,106,153</b>	<b>0</b>	<b>0</b>	<b>0</b>
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<b>Net Position after S&amp;V Programme % of RRL</b>			0.000%	0.000%	0.000%
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As noted within Table 6 above, the underlying deficit carried forward into 2026-27 has been assessed as **-£208,635,798**. Table 7 below describes the component movements from 2025-26 to 2026-27.

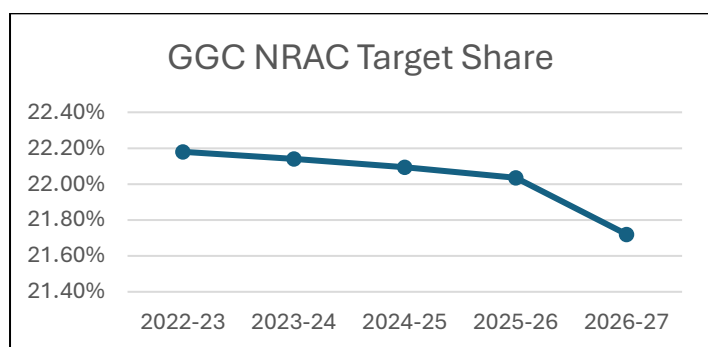
Table 7: Estimated Recurring Deficit as at 1 April 2026

<b>2025-26 Opening Recurring Deficit</b>	<b>-208,235,331</b>
2025-26 Recurring Savings Achieved (Month 10)	29,716,221
2024-25 Cost Pressures Baselined	-116,688
NRAC Rebasing	-30,000,000
<b>2026-27 Opening Recurring Deficit</b>	<b>-208,635,798</b>

The Month 10 forecast for 2025-26 is now breakeven and work continues to maximise delivery of more recurring savings to reduce the deficit carried into 2026-27.

With respect of NRAC, over the last 5 years GGC has seen a decreasing trend in target rate, which has pushed NHSGGC further above NRAC parity over this period. The sharp decrease in 2026-27 is largely driven by updated assumptions around excess costs (e.g. rural healthcare) and 2022 projections on population, morbidity, and deprivation (previously 2018 estimates).

Figure 1: NHSGGC NRAC Target Share Reduction 2022-23 to 2026-27



In response to this issue, for 2026-27 Scottish Government have taken the decision to reduce the NHSGGC baseline figure by **-£30,000,000** to support the policy that no NHS Scotland Territorial Health Board should be further than **-0.6%** from NRAC parity. Alongside the decrease to the NHSGGC baseline, £32,800,000 of funding was provided to six NHS Boards in 2026-27. Despite this decrease, NHSGGC remains 1.4% above NRAC parity based on the 2026-27 budget letter.

It should be noted that the reduction in NRAC target will also have an impact on allocations in year. For the purposes of this Financial Plan, it is assumed that this is managed internally with no additional cost pressures being experienced to either NHSGGC Board Budgets or NHSGGC delegated IJB budgets.

## Income

### Baseline Allocation

NHSGGC's baseline allocation for 2026-27 is £3,364,736,687. This includes a 2% inflationary uplift on baseline of £65,290,828 and further funding for 2026-27 pay costs of £32,324,195). The pay allocation is a "top up" on the 2% baseline allocation and is to cover a 3.75% increase in pay costs for Agenda for Change and Executive and Senior Management staffing and 3% for all other staffing groups. A key assumption of the Financial Plan is that further funding will be received by NHSGGC where any pay deals exceed the levels stated above.

In addition to the above, a further £32,580,275 has been received for 2026-27 Agenda for Change Reform. For the purposes of this Financial Plan this is assumed as fully committed (no bottom-line effect) and action is being undertaken within NHSGGC and the six IJBs to prepare for the 1 hour working week reduction effective from 1 April 2026. The cost of these actions is being tracked in addition to the current costs for the initial 30-minute reduction and the ongoing review of Band 5 to 6 applications.

Work continues to evaluate the sufficiency of the uplift against projected pay costs for NHSGGC and the six IJBs. Based on modelling, it appears that there is insufficient funding to cover both the 2% non-pay uplift and modelled pay uplift. A further discussion on this aspect will be part of the wider conversations with Scottish Government colleagues following submission of this plan and over the course of 2026-27.

### Sustainability Funding

NHSGGC have included in 2026-27 £32,580,000 of non-recurring Sustainability funding. Within the planning assumptions provided by Scottish Government this sustainability funding will reduce to £16,290,000 in 2027-28 with a further reduction to £8,145,000 in 2028-29.

As confirmed by the Chief Financial Officer for NHS Scotland, NHSGGC has assumed a non-recurring £30,000,000 to support our position in 2026-27.

### Scottish Government Allocations

Based on current estimates, additional earmarked recurring allocations of £338,000,000 are anticipated for 2026-27. This balance and all other expected allocations are recognised as fully spent in the plan.

Scottish Government have confirmed a recurring allocation of £21,614,000 for Operational Improvement Plan in 2026-27, however this does not meet the estimated £39,600,000 recurring cost commitments made in respect of Unscheduled Care, Hospital @ Home and Planned Care. Scottish Government have committed to work with NHSGGC to explore potential flexibilities to meet this recurrent shortfall of £17.986m in 2026-27 and beyond. As notified by SG Finance, this pressure is not reflected within the NHSGGC Financial Plan.

It also requires to be noted that the reduction in NRAC target will also have a detrimental impact on the value of financial allocations in-year. For the purposes of the Financial Plan, it is assumed that this is managed internally with no additional pressure to the Board or IJBs.

### Other Income

SLA uplift is assumed at 3% in this initial plan based on the estimated impact on underlying costs based on pay and non-pay baseline funding uplifts. The modelled increase cost in SLAs (50% confirmed in 2025-26) to partner NHS Scotland Boards remains a risk to the NHSGGC position and we continue to work with affected NHS Boards. The 2026-27 plan assumes a further 25% is invoiced in 2026-27 (i.e. taking the increase for other NHS Boards to a cumulative 75% of their actual charge). By Year 3, 2028-29 the full SLA rebasing is assumed to be embedded with NHSGGC financial models.

The baseline funding uplift for 2027-28 and 2028-29 is based on 2% uplift as per the financial guidance. Please note no further provision is made for future NRAC adjustments in these two years within the reporting period.

## Expenditure

### Pay

A Pay uplift has been modelled on a 3.75% increase for Agenda for Change and Executive and Senior Management staffing and 3% for all other staffing groups for 2026-27 and 2% for the remaining two years of the plan. For 2026-27, this totals £101,710,953 for both NHSGGC Board and NHSGGC delegated budgets.

Table 8,9 and 10 set out the modelled costs split between Health Board and IJBs for the three-year period.

Table 8: Modelled Pay Costs over 2026-27.

	<b>NHSGGC Board</b>	<b>IJB</b>	<b>Total</b>
AFC Staff	-57,089,975	-20,016,023	-77,105,998
Medical & Dental - Senior	-19,108,433	-2,231,114	-21,339,546
Senior Managers Pay	-348,548	-61,660	-410,208
NI Impact on WTE	-1,155,200	0	-1,155,200
Discretionary Points	-1,700,000	0	-1,700,000
<b>Total</b>	<b>-79,402,155</b>	<b>-22,308,797</b>	<b>-101,710,953</b>

Table 9: Modelled Pay Costs over 2027-28.

	<b>NHSGGC Board</b>	<b>IJB</b>	<b>Total</b>
AFC Staff	-31,589,786	-11,075,533	-42,665,319
Medical & Dental - Senior	-13,121,124	-1,532,031	-14,653,155
Senior Managers Pay	-192,863	-34,119	-226,982
NI Impact on WTE	-23,104	0	-23,104
Discretionary Points	-1,700,000	0	-1,700,000
<b>Total</b>	<b>-46,626,877</b>	<b>-12,641,683</b>	<b>-59,268,560</b>

Table 10: Modelled Pay Costs over 2028-29.

	<b>NHSGGC Board</b>	<b>IJB</b>	<b>Total</b>
AFC Staff	-32,221,582	-11,297,044	-43,518,626
Medical & Dental - Senior	-13,383,546	-1,562,672	-14,946,218
Senior Managers Pay	-196,720	-34,801	-231,522
NI Impact on WTE	-23,566	0	-23,566
Discretionary Points	-1,700,000	0	-1,700,000
<b>Total</b>	<b>-47,525,415</b>	<b>-12,894,517</b>	<b>-60,419,931</b>

### Non-Pay Pressures

Non pay pressures (excluding drugs) for 2026-27 total £26,187,394 for 2026-27. This is based on shared national assumptions against different non-pay categories. No inflation is assumed against energy costs at this time based again on national planning assumptions.

Inflation for Hospital Drugs and GP prescribing is based on 10% uplift each year of the plan, totalling £30,761,839 and £27,823,809 respectively for 2026-27.

Inflation for Service Level Agreements and Other Purchase of Healthcare totals £2,911,084.

### Other Investments

Costs of £14,682,929 are included within the Financial Plan in relation to infrastructure and local developments in 2026-27. This figure includes funding to offset LIMs implementation costs, anticipated QEUH legal costs and the cost of the Safety and Public confidence programme.

In respect of Regional and National developments (totalling £16,586,301), this includes costs for NSD risk share increases and business case prioritisation. £6,100,000 has been included within this total in respect of business systems. These costs and assumptions will be subject to further review, and we will ensure these forecasts are aligned to further National guidance on assumptions. In relation to the business system funding, it is important that these costs continue to be driven down or further justified through a robust return on investment appraisal.

### **Sustainability & Value Programme**

To address the financial challenge outlined in the Financial Plan, NHSGGC require to identify and then deliver savings of **-£194,706,874** being **-5.79%** of assumed NHSGGC baseline funding.

Excluding the sustainability funding the financial gap increases to **-£227,286,874**. The 2026-27 position shows a slight improvement when compared to a financial challenge of **-£217,800,000** in 2025-26. Closing a financial deficit of this magnitude requires robust budgetary management and significant and sustainable transformation, reform, and sizing of existing services.

*Please note these figures are exclusive of the savings required by the 6 IJBs in 2026-27 to break even.*

Currently, NHSGGC is reporting expected delivery of £194,706,874 of savings and financial management actions to offset this challenge. This is based on planned actions and expected further actions based on historic experience. The profile of this total S&V programme is shown in Table 11 below.

Table 11: S&V Target

Item	2025-25 M10 Expenditure Budget	2026-27 S&V In-Year Target	2026-27 Recurring Target	2026-27 Non-Recurring Target
Cost Containment (incl. Drugs)	N/A	35,761,839	35,761,839	0
Financial Management	N/A	55,970,321	0	55,970,321
Acute Division (excl. Drugs)	1,944,060,288	58,321,809	58,321,809	0
Corporate Departments	301,868,712	15,093,436	0	15,093,436
Estates & Facilities	363,986,748	14,559,470	4,367,841	10,191,629
Income Maximisation	N/A	2,000,000	2,000,000	0
Procurement	N/A	11,000,000	5,500,000	5,500,000
Estates Strategy	N/A	2,000,000	2,000,000	0
<b>Total</b>	<b>N/A</b>	<b>194,706,874</b>	<b>107,951,489</b>	<b>86,755,385</b>

It is expected over the course of this medium-term plan, that initial delivery will be from business-as-usual schemes, review services, cost containment and maximising all available non-recurring opportunities. Longer term opportunities will follow through the NHSGGC Way Forward

Programme, Blueprint implementation and opportunities afforded through emerging Sub-National planning arrangements in Scotland West.

For 2026-27, the total of £194,706,874 of planned measures is estimated to be split as:

- Recurring £107,951,489
- Non-Recurring £86,755,385

Significant further work is required with NHSGGCs Corporate Management Team to develop fully the savings pipeline (including “business service units” for review across Acute and Estates) for 2026-27 and beyond and produce a more financially sustainable medium-term plan. NHSGGC will continue to follow the 15-box grid set by Scottish Government and engage with National Forums to ensure that we are maximising our opportunities to sustainably reduce expenditure.

### **IJB Position**

NHSGGC continues to work closely with the six IJBs and are conducting detailed quarterly reviews with Chief Officers and Chief Finance Officers. Recent engagement with all IJBs have confirmed a challenging budget settlement in respect of social care and significant financial risk and potential depletion of available reserves.

The Financial Plan assumes the delivery of a balanced position across the six IJBs for the period 2026-27 through to 2028-29. The delegated budgets for all 6 IJBs continue to be pressurised and as such the assumption of a balanced position in each of the three financial years is a significant risk that requires to be articulated.

In addition, the six IJBs are undertaking a review of hosted services in 2026-27 (shadow year) which may have significant consequences on underlying positions for individual IJBs in 2027-28 and beyond. This work will be monitored in-year within a robust Chief Officer led governance structure.

### **Key Risks in February 2026**

A number of key areas of risk have been considered in the development of the 2026-29 Financial Plan including:

- Operational Improvement Funding: As noted earlier, no financial pressure is assumed in the Financial Plan from the *material* shortfall of £17,986,000 in 2026-27 funding allocation against recurring system costs. The continuation of this funding is considered essential to the delivery of NHSGGC’s strategic ambitions to deliver sustainable performance improvements in both unscheduled and planned care.
- Other anticipated allocations: the Financial Plan is based on the 2025-26 levels of funding allocations, however noting that a financial uplift is required for the increase in pay elements associated with the allocations.
- Non-Core Funding: assumed funding is set out in the template file and early confirmation of this funding would be appreciated to support decision making.
- AfC Reform: the present position assumes that AfC costs from the whole package of reforms agreed as part of the 2023-24 pay deal (Protected Learning Time, Reduced Working Week and Band 5 to 6 Reviews) *do not exceed* provided funding over the period of this plan. Modelled costs across NHS Scotland have previously been shared with Scottish Government. This

information demonstrates that based on assumptions around Band 5 to Band 6 conversion rates the national £300,000,000 funding will be significantly exceeded across NHS Scotland when all three pay deal components are aggregated.

- NRAC: no further *negative* adjustments are assumed in 2027-28 and 2028-29.
- IJB position: no financial support from NHSGGC is assumed across the period of the Financial Plan. NHSGGC continue to work closely and in partnership with Chief Officers and Chief Finance Officers.
- No inflationary pressure is assumed in 2026-27 in respect of energy costs. This is based on agreed national assumptions, however there is added risk from the recent conflict in Middle East and other macro-economic world events.
- Other National/Policy developments: In line with Subnational guidance no costs are included for any new unfunded Scottish Government policy developments. At the current time conversations are continuing with Scottish Government around the increased costs in relation to the proposed Neonatal review.

### **3. 2027-28 and 2028-29 Detailed Positions**

Planning guidance for both 2027-28 and 2028-29 has been applied. Over the course of this reporting period the assumed funding uplifts are outstripped by expected cost increases which increase NHSGGC's underlying deficit even when recurring savings continue to be delivered.

The financial position noted for NHSGGC in both 2027-28 and 2028-29 is again a deficit position. For 2027-28, the estimated Gap after Sustainability & Value schemes is **-£59,887,573** or **-1.75%** of the expected baseline allocation.

For 2028-29, the Gap after Sustainability & Value schemes is assessed as **-£56,557,700** or **-1.62%** of the expected baseline allocation). It is assumed the IJBs achieve breakeven over this period, although as noted earlier in this paper this is a significant risk factor.

Tables 12 and 13 below illustrate the estimated position for NHSGGC, and IJBs across both 2027-2028 and 2028-29.

Table 12: 2027-28 Detailed Plan

2027-28 Financial Year	NHSGGC Recurring	NHSGGC Non- Recurring	NHSGGC Total	IJB Total	Total
Underlying Deficit Carried Forward	-135,106,152	0	-135,106,152	0	-135,106,152

**Income**

Baseline Funding Uplift	44,083,888	0	44,083,888	23,210,845	67,294,734
Additional Pay Allocation	0	0	0	0	0
AfC Reforms Allocation	0	0	0	0	0
Sustainability Funding £150m	0	21,720,000	21,720,000	0	21,720,000
SG Additional Allocation	0	0	0	0	0
New Medicines Fund	0	0	0	0	0
2025-26 SLA Rebasing	10,406,371	0	10,406,371	0	10,406,371
SLAs Income Uplift	21,169,799	0	21,169,799	706,884	21,876,683
Non-Recurring Allocations-Pay	2,995,184	0	2,995,184	0	2,995,184
<b>Total Income</b>	<b>78,655,243</b>	<b>21,720,000</b>	<b>100,375,243</b>	<b>23,917,729</b>	<b>124,292,972</b>

**Expenditure**

Hospital Drugs	-33,838,023	0	-33,838,023	0	-33,838,023
GP Prescribing	0	0	0	-30,606,190	-30,606,190
Pay Award	-46,626,877	0	-46,626,877	-12,641,683	-59,268,560
AfC Reforms Expenditure	0	0	0	0	0
Non-Pay Inflation	-21,427,598	0	-21,427,598	0	-21,427,598
Purchase of Healthcare: Service Level Agreements	-1,830,306	0	-1,830,306	0	-1,830,306
Purchase of Healthcare: Other	-250,501	0	-250,501	0	-250,501
Financial Plan Developments: Infrastructure	-123,512	-4,290,000	-4,413,512	0	-4,413,512
Financial Plan Developments: Local	0	-4,433,160	-4,433,160	0	-4,433,160
Financial Plan Developments: National & Regional	-1,054,814	-9,781,871	-10,836,685	0	-10,836,685
<b>Total Expenditure</b>	<b>-105,151,632</b>	<b>-18,505,031</b>	<b>-123,656,663</b>	<b>-43,247,873</b>	<b>-166,904,536</b>

In Year Position	-26,496,389	3,214,969	-23,281,420	-19,330,144	-42,611,564
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Deficit Before S&V Schemes	-161,602,542	3,214,969	-158,387,573	-19,330,144	-177,717,717
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S&V Programme	55,300,000	43,200,000	98,500,000	19,330,144	117,830,144
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<b>Net Position after S&amp;V Programme</b>	<b>-106,302,542</b>	<b>46,414,969</b>	<b>-59,887,573</b>	<b>0</b>	<b>-59,887,573</b>
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<b>Net Position after S&amp;V Programme % of RRL</b>			-2.664%	0.000%	-1.745%
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Table 13: 2028-29 Detailed Plan

2028-29 Financial Year	NHSGGC Recurring	NHSGGC Non- Recurring	NHSGGC Total	IJB Total	Total
Underlying Deficit Carried Forward	-106,302,542	0	-106,302,542	0	-106,302,542

**Income**

Baseline Funding Uplift	44,965,566	0	44,965,566	23,675,062	68,640,628
Additional Pay Allocation	0	0	0	0	0
AfC Reforms Allocation	0	0	0	0	0
Sustainability Funding £150m	0	10,860,000	10,860,000	0	10,860,000
SG Additional Allocation	0	0	0	0	0
New Medicines Fund	0	0	0	0	0
2025-26 SLA Rebasing	0	0	0	0	0
SLAs Income Uplift	21,455,289	0	21,455,289	721,021	0
Non-Recurring Allocations-Pay	2,995,184	0	2,995,184	0	0
<b>Total Income</b>	<b>69,416,040</b>	<b>10,860,000</b>	<b>80,276,040</b>	<b>24,396,084</b>	<b>79,500,628</b>

**Expenditure**

Hospital Drugs	-37,221,825	0	-37,221,825	0	-37,221,825
GP Prescribing	0	0	0	-33,666,809	-33,666,809
Pay Award	-47,525,415	0	-47,525,415	-12,894,517	-60,419,931
AfC Reforms Expenditure	0	0	0	0	0
Non-Pay Inflation	-21,856,150	0	-21,856,150	0	-21,856,150
Purchase of Healthcare: Service Level Agreements	-1,866,913	0	-1,866,913	0	-1,866,913
Purchase of Healthcare: Other	-255,511	0	-255,511	0	-255,511
Financial Plan Developments: Infrastructure	0	-1,600,000	-1,600,000	0	-1,600,000
Financial Plan Developments: Local	0	0	0	0	0
Financial Plan Developments: National & Regional	-287,675	-7,417,709	-7,705,384	0	-7,705,384
<b>Total Expenditure</b>	<b>-109,013,489</b>	<b>-9,017,709</b>	<b>-118,031,198</b>	<b>-46,561,326</b>	<b>-164,592,523</b>

In Year Position	-39,597,449	1,842,291	-37,755,158	-22,165,242	-59,920,400
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Deficit Before S&V Schemes	-145,899,991	1,842,291	-144,057,700	-22,165,242	-166,222,942
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S&V Programme	50,700,000	36,800,000	87,500,000	22,165,242	109,665,242
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<b>Net Position after S&amp;V Programme</b>	<b>-95,199,991</b>	<b>38,642,291</b>	<b>-56,557,700</b>	<b>0</b>	<b>-56,557,700</b>
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<b>Net Position after S&amp;V Programme % of RRL</b>			-2.466%	0.000%	-1.616%
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## 4. Capital Position

The 2026-27 to 2028-29 Capital Plan proposals include the expected level of capital funding for the 3-year period which is detailed further in Table 14 below.

Table 14: 2026-27 to 2028-29 Capital Plan

<b>Funding Summary</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
SG National Formula Allocation	£41,259,000	£41,259,000	£41,259,000
SG Additional Projects being Supported	£41,403,000	£13,514,000	£7,568,000
<b>Gross Capital Resources</b>	<b>£82,662,000</b>	<b>£54,773,000</b>	<b>£48,827,000</b>
Requested Capital to Revenue Transfer	-£3,250,000	-£3,250,000	-£3,250,000
<b>Net GGC Capital Resources</b>	<b>£79,412,000</b>	<b>£51,523,000</b>	<b>£45,577,000</b>

As noted in Table 14, Table 15 confirms the additional project funding being supported by Scottish Government.

Table 15: Additional Project Funding

<b>Additional Project Funding Supported by SG</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
QEUH Rectification Works - Atrium, Manifold, Fire Doors	£20,779,000	£5,502,000	£320,000
Relocation of Radionuclide Dispensary	£2,651,000	0	0
Radiotherapy Equipment Replacement Programme	£14,321,000	£6,736,000	£7,248,000
LIMS	£382,000	£1,276,000	0
Energy Efficiency and Decarbonisation	£3,270,000		
<b>Total</b>	<b>£41,403,000</b>	<b>£13,514,000</b>	<b>£7,568,000</b>

At this time, NHSGGC expect that total capital funding will be utilised in full in each of the three financial years.

## **5. Next Steps**

The NHSGGC Financial Plan sets out the forecast position for the 3-year reporting period noting that the assumptions underlying the plan are considered to be the best measures available for planning purposes. However, significant uncertainty exists over the reporting period.

Given the scale of financial challenge noted and identified risks, significant work is required to deliver the planned level of savings and actions to deliver breakeven in 2026-27.

**Michael Breen - Director of Finance**

**Date 16 March 2026**