



NHS Grampian

Medium Term Financial Framework

2026/27 to 2030/31



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Introduction



NHS Grampian is responsible for working with partners to improve the health of the people in Grampian, and for providing the health and care services that people need. We also provide a number of specialist clinical and support services to other NHS Boards within the North of Scotland and Scotland as a whole. We also fund the treatment of Grampian residents in facilities located elsewhere in Scotland and the rest of the UK.

We are the fourth largest health board in Scotland by general funding allocation, and our services are delivered through a number of Portfolios and a range of Primary and Community Care services delegated to the three Integration Joint Boards (IJBs) covering Aberdeen City, Aberdeenshire and Moray. The IJBs are legally constituted cross sector bodies providing a focus for NHS Grampian to work in partnership with other agencies, including Local Authorities and Primary Healthcare contractors, in the provision of integrated services to the local communities.

NHS Grampian employs circa 17,000 staff and through a full range of contracted services (General Medical, Pharmacy, Dental and Opticians) provide the full range of primary, community and specialist health services to the 597,000 people who live in Grampian. We have an extensive infrastructure and operate from over 100 locations, as well as providing care in people's own homes or homely settings across an area covering 3,000 square miles.

All our direct clinical services are supported by corporate functions such as Facilities, E-Health, Finance and Human Resources.

Purpose:

Medium term financial planning is an important part of the strategic planning process. The financial position for public services continues to be challenging, therefore it is important that the NHS Grampian's ambitions are set within the context of the funding which is available.

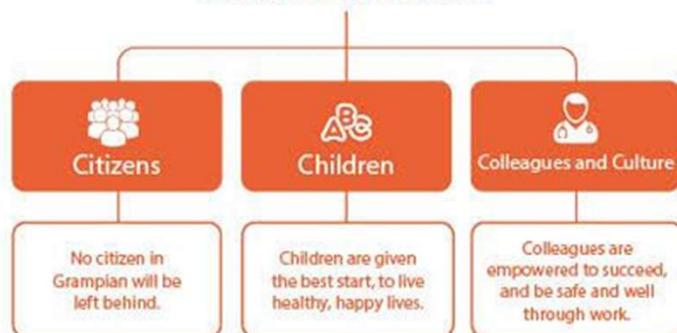
The purpose of this Medium Term Financial Framework (MTFF) is to ensure that resources are targeted at the delivery of the priorities set out in the NHS Grampian "Plan For The Future" and to support the annual budget setting process. This Financial Framework will assist NHS Grampian to plan based on the totality of resources across the health system to meet the needs of the population of Grampian and support the delivery of the NHS Grampian Annual Delivery Plans from 2026 -2031.

Outline of Strategic Intent within the 'Plan for the Future'



PEOPLE

Joining with People to Flourish



- Ongoing active engagement, continually creating connections to build trust.
- Citizens are enabled to live well, preventing the preventable.
- Citizens are treated as individuals, supporting their specific needs and circumstances.

- Early years' development is prioritised.
- Children with neurodevelopmental profiles are identified at the earliest stage.
- Support for children experiencing adverse childhood events (ACEs) is streamlined.
- Families are supported at all stages and in all aspects of their children's physical and mental health and wellbeing.

- A workforce able to do today's work today, and innovate for tomorrow.
- Work and roles that support people's health, safety and wellbeing.
- People are included, supported and empowered to make their best contribution.



PLACES

Using our places to proactively seek the best health and wellbeing and fairness for all.



- We support Grampian's economy through local recruitment and procurement, and development of employment opportunities.
- Our facilities and infrastructure are shared by community and agency partners.
- Our procurement process applies fully-embedded social value principles.
- Our healthcare expertise is sought by partners to support their policy and decision-making.

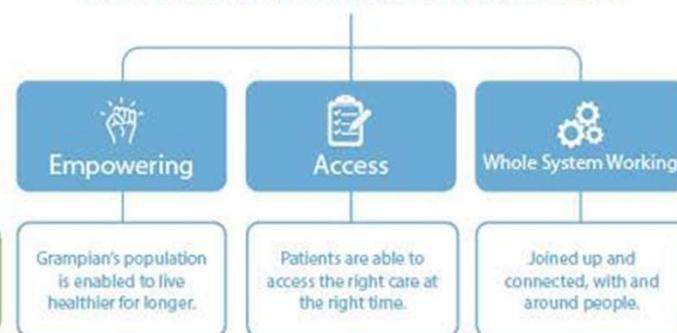
- Community assets are integrated in all that we do with and for communities.
- We use a place-based wellbeing approach in partnership with our communities.
- Grampian's communities are resilient.

- Environmental decision making is applied as standard.
- We maximise the use of existing infrastructure in a sustainable way.
- We have a minimal waste culture, where it is easy for people to make the sustainable/environmental choice.



PATHWAYS

Enabling a partnership approach to our pathways of care.



- Individuals are able to easily access and understand information to support themselves to live well.
- Individuals are empowered to manage their conditions in a way that best suits them.
- Mental and physical wellbeing are of equal importance as part of a holistic approach to healthcare.
- Secondary prevention is delivered as part of all pathways.

- Care is delivered in a timely way.
- People are able to access care in the way that best suits them.
- Pathways of care are adaptable and focussed around individuals.
- Care is delivered safely, with no avoidable harm.

- Avoidable differences in healthcare are minimised.
- Partnership working enables the right care to be delivered in the right place.
- Pathways are seamless, and easy to access and navigate.
- Consideration is given to individuals' circumstances beyond their healthcare needs.

Strategic Operating Environment



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National Context

The Scottish Government announced its Health and Social Care Service Renewal Framework in June 2025 providing a high-level guide for change to ensure the sustainability, efficiency, quality, and accessibility of health and social care services in Scotland.

The Framework builds on the Operational Improvement Plan and the Population Health Framework. These publications are welcomed and outline the key principles to delivering the reform required to ensure the sustainability of the NHS.

Noting the significant challenge to the sustainability of services within NHS Grampian, these will be the guiding principles used to drive forward the change required within our local system to ensure we are able to provide the best quality services to the population we serve.

Sub-National Planning

Sub national planning aims to improve outcomes and financial sustainability through two sub-national structures which strengthens accountability for population-based planning, improves service equity and supports the transformation of Scotland's health and care system. While Health Boards remain legally responsible and accountable for their statutory functions, the scale and complexity of modern health services means that collaboration on a sub-national basis is essential to achieve optimum outcomes.

Within each sub national structure, Boards require to collaborate to deliver the following objectives:

- Delivery of the digital front door through the MyCare.scot service
- Delivering High Quality and Safe Orthopaedic Elective Care Services and meeting Treatment Time Guarantee for all patients across Scotland.
- Development of optimal flow navigation and virtual services so that emergency healthcare services meet the needs of local populations.
- Once for Scotland approach to Business Systems.

Strategic Operating Environment



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Local Operational Context

In May 2025, NHS Grampian was escalated to level 4 on the NHS Scotland Support and Intervention Framework due to concerns about financial sustainability and the deterioration of the board's financial position during 2024/25 and leadership and governance. The Boards challenging financial position has arisen due to a combination of factors including:-

- Underlying recurring overspends being managed by non-recurring slippage, and one-off benefits for a number of years.
- Increasing financial pressures in operational areas resulting from system flow challenges, workforce challenges (leading to high levels of supplementary staffing) and high levels of general inflation impacting on non-pay costs. The requirement to comply with HCSA legislation has also driven an increase in the clinical workforce.
- Funding uplifts provided by Scottish Government have not covered hospital or GP Prescribing drugs uplift, inflation on energy, service contracts and medical supplies and other national commitments and the Board have not been able to deliver recurring savings at the level required to mitigate these new pressures.
- Growing system pressure arising from our increased over 65 population with the highest level of growth over the last 5 years in Scotland. As our share of the overall population in Scotland has reduced during this period, despite a real increase in population numbers, the additional funding

received for this demographic change has been more than offset by a reduction in allocation linked to our reduced population share.

- NHS Grampian's low level of acute bed base compared to other areas. National statistics show that our acute bed numbers are lower than a number of Boards which are a smaller size than Grampian and this has restricted our flexibility when dealing with challenges around patient flow. This highlights the transformation and reform required across the system to enable the Board to deliver healthcare to its population.
- Increasing financial pressure within the Integration Joint Boards.

During 2025/26, NHS Grampian have focused on three key priority areas to support short term recovery as outlined below:

1. Planned Care improvement, consistent with the national requirement that no patient will wait longer than 52 weeks by March 2026.
2. Urgent and Emergency care improvement to reduce ambulance turnaround times, improve access to care and reduce delayed transfers of care.
3. Reducing costs, by improving efficiency and clinical productivity.

Organisational priorities for 2026/27 will be presented to the Board in March 2026, with Value and Sustainability included as one of the key priority programmes

Section 2: Overview of factors impacting on the financial plan



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The Medium Term Financial Framework (MTFF) provides an opportunity for NHS Grampian to set out an understanding of the financial climate in which it will operate over the medium term (the next five years) and the assumptions underpinning our planning. In terms of understanding the medium term there is a need to consider our own strategic priorities and a range of factors, which are illustrated below and reflect the complexity of issues which can impact on our financial position. These factors are described in more detail in the following sections, with key high-level points noted below:

Funding (page 8)

Assumed 2% baseline uplift per annum above 2025/26 levels. **(£147m increase over 5 years).**

Pay awards assumed to be fully funded by the Scottish Government throughout the MTFF.

Non-recurring sustainability funding (£29m) expected to reduce and will cease in 2028/29.

Costs (page 9)

A predicted rise in costs over the next 5 years of £309m, offset by new income and savings delivery, resulting in a predicted return to breakeven by year 4

Key elements:
£112m of pay inflation, £25m of non-pay inflation and £24m of prescribing growth and inflation. £59m loss of non-recurring support and £54m of local pressures. £35m of deficit support funding for Integration Joint Boards is anticipated during the 5 year plan.

Demographics (page 10-11)

Overall Grampian population expected to be flat over the next five years but significant increases in the over 75 population is predicted with a 10% increase over the next 5 years, increasing to 26% over a 10 year period. This is expected to result in an increased burden of disease over this time.

Assumed no additional NRAC funding for the increase in over 75 population due to a decreasing share of the overall Scottish population.

Demand (page 12)

Improvement in performance has been delivered in the short term supported by Operational Improvement Plan funding.

There remains significant demand and new pressures in the system which will require whole system redesign to address during the period of this MTFF.

Policy (page 13)

2025/26 programme for government focus on:

- (1). Reducing the time patients wait for treatment and ensuring no one waits for more than a year for surgical treatment.
- (2). Supporting people to live longer, healthier and fulfilling lives.
- (3). Recognition of the need for renewal and reform to futureproof our health services.

Risks (page 14-16)

Key risks relating to financial planning include:

- Significant savings are required over the period of the MTFF.
- Risk of increasing operational pressures across health and social care driving higher costs.
- Rising geopolitical tensions impacting on inflation and the supply chain.
- Challenges regarding recruitment in a number of locations and specialties.

Funding



Source and allocation of funding (see Appendix 1)

Scottish Government is the main source of funding for NHS Grampian. 91% of our funding comes directly from the Scottish Government. This means that changes to policy, legislation or changes in the economy can have an impact on the funding that is available each year for health and social care. Scottish Government revenue funding of NHS Grampian has increased by £885 million since 2011/12 (see Appendix 2) and is due to increase by 2.0% for NHS Grampian in 2026/27.

The National Resource Allocation Committee (NRAC) allocation formula is the formula that is used to derive relative budget shares for Health Boards. It is based on population size adjusted for age / sex mix, deprivation and rurality. In 2026/27 NHS Grampian receives 9.80% of total Health Board funding under the formula. This is an increase of 0.09% from 2025/26 resulting in additional funding of £11 million for 2026/27.

During 2025/26, £250 million of non recurring sustainability funding was made available to territorial boards across Scotland. This was allocated via the NRAC formula, with NHS Grampian receiving £24.3 million of funding in 2025/26. The funding available nationally will reduce to £150 million for 2026/27 resulting in a £10 million reduction to the NHS Grampian allocation. Further annual reductions of £5 million are anticipated for NHS Grampian from 2027/28 to 2029/20, with the sustainability funding anticipating to cease in 2029/30. This remains subject to future budget processes.

Roughly 40% of NHS Grampian's total budget is delegated to the three Health & Social Care Partnerships (HSCPs) in Grampian which are overseen by the Integration Joint Boards (IJBs). These cover Aberdeen City, Aberdeenshire and Moray. The IJBs are responsible for the commissioning and operation of a range of community health, primary care and social care services. They also receive funding contributions from their aligned Councils. This means that any changes to the level of Scottish Government funding received by Councils will impact on the level of budgets which are delegated to the IJBs and the level of savings which the IJBs are required to make in order to meet demand, demographic and inflationary pressures.

The budget setting process of the Scottish Government is agreed through the Scottish Parliament with an annual budget announcement which confirms the amount of revenue funding for the health service and other parts of the public sector. NHS Grampian actively engages with Scottish Government colleagues to advise on the potential impacts of different budget scenarios for the Health service.

Currently Scottish Government budget announcements only cover an annual period and do not cover the medium term. The MTFP makes assumptions about the future funding levels from the Scottish Government based on an estimated increase of 2.0% per annum above 2025/26 levels. This is in line with planning guidance. Using this information it is forecast that the Health Board's baseline funding is likely to increase by £147 million between 2026/27 and 2030/31.

In addition we expect to receive earmarked funding in line with the Programme for Government to support key policy commitments including reductions in waiting lists and backlogs, and action to improve access to Unscheduled Care. Funding for these areas will be linked to delivery plans and commitments to deliver key outcomes.

Costs

Financial planning requires assumptions to be made about demand and cost pressures which could be faced by NHS Grampian over the medium term. These have been informed by the local and national context within which NHS Grampian operates. Each year NHS Grampian will face cost pressures as a result of a range of factors including demand, inflation and changes in legislation and regulations.

This Framework has assessed the key factors likely to impact over the medium term and estimates that NHS Grampian will face new expenditure, demand pressures and loss of non-recurring support of £309 million during the next five years. This will be offset by anticipated income totalling £142 million resulting in a net pressure of £167 million which will need to be managed through the delivery of savings. Loss of non-recurring support in 2026/27 reflects the difference between the 2025/26 anticipated financial outturn (£45m) and the underlying financial pressures (£67m). It represents non-recurring Scottish Government funding and non-recurring savings used to support the Board's position in 2025/26.

	2026/27	2027/28	2028/29	2029/30	2030/31
Budget Pressures	£m	£m	£m	£m	£m
Pay Inflation including AFC reform	45.7	15.7	17.4	16.3	16.6
Contractual Inflation (non-pay)	8.4	4.0	4.1	4.2	4.3
Hospital Drugs and Prescribing	7.1	4.0	5.0	4.0	4.0
Local Pressures	8.3	12.0	5.7	4.1	24.0
Loss of Non-Recurring Support	22.0	11.0	11.0	10.0	5.0
Income Uplift (net of transfer to IJBs)	(60.0)	(19.8)	(20.2)	(20.8)	(21.2)
IJB Contributions	13.0	10.0	7.0	4.0	1.0
Total Budget Pressures	44.5	36.9	30.0	21.8	33.7



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Key Assumptions

- Pay inflation – an annual increase of 2% per year from year 2 as per planning guidance and that the costs of national pay policy for 2026/27 will be funded. Small incremental drift increase for medical staffing.
- Non Pay inflation – year 1 is a detailed projection. Future years provide a 2.2% provision for General Inflation (c. £3m) as per planning guidance.
- Hospital Drugs – reflected Scottish Medicines Consortium approvals and impact of new treatments.
- Local pressures – includes provision for known future costs including Baird and Anchor, the Business System Transformation Programme and other new costs.
- Income Uplift – Assumes a 2% annual uplift for the period of the MTFF as per planning guidance. Assumes non-recurring sustainability funding reduces by £10m in year 1 with a further £5m annual reduction to 2029/30.
- IJB Deficit Support funding– Assumes deficit support funding totalling £13m for year 1 of the MTFF in line with IJB financial plans, with a reduction in deficit support funding over the period of the MTFF.

Demographics

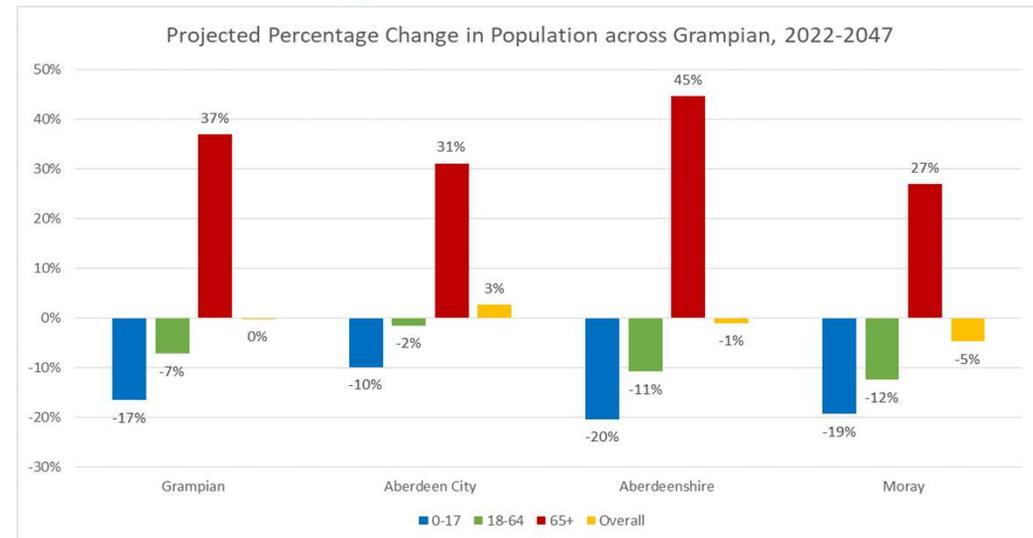
The impact of an ageing population, the need to address high waiting lists and advances in medical treatment mean that many of our service areas are managing demand increases in recent years which can often result in higher levels of financial and workforce support being required on a year by year basis.

The NHS Grampian population is ageing, with a growing proportion of residents aged 65 years and over, leading to increased demand for services related to chronic conditions such as cardiovascular disease, cancer, and neurological disorders. While life expectancy is high within NHS Grampian, healthy life expectancy is falling, meaning more years lived with ill health.

This creates a challenging environment in which to operate, managing increasing demand within financial constraints whilst transforming services and delivering on national and local priorities.

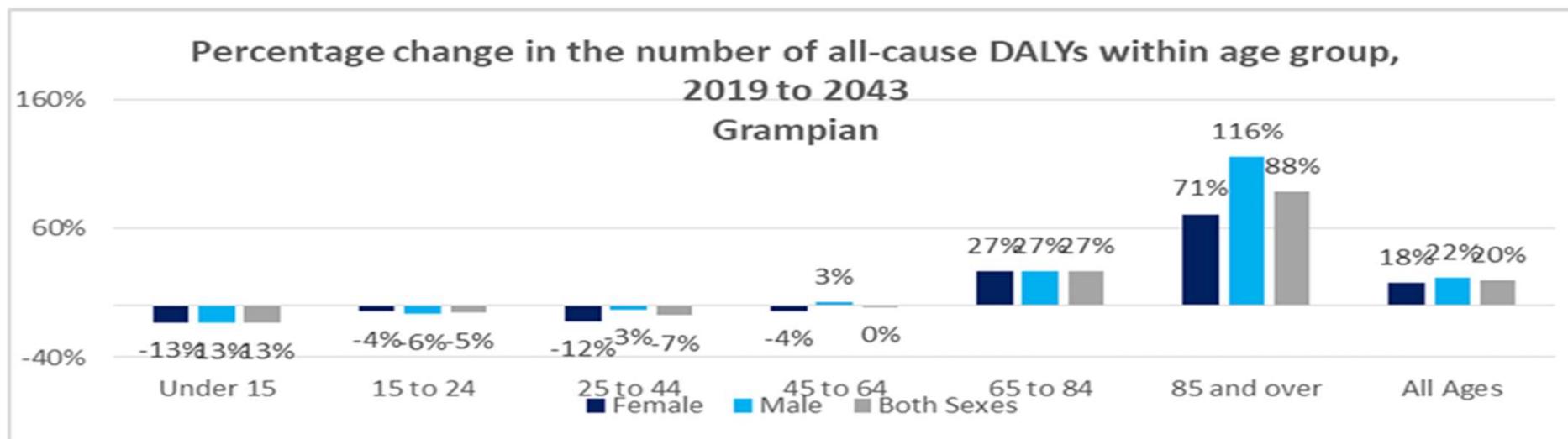
Whilst no change is expected in the overall population level over the next five years, a 1% increase in the percentage of the population at pension age is predicted with a 10% predicted increase in the over 75 age group. This expected increase in the percentage of the population over 75 rises to 26% if looking over a ten year period.

Over the last 5 years, NHS Grampian has seen the highest percentage increase in its older population across Scotland. Our 2026/27 NRAC allocation reflects this, with a 0.09% increase in NHS Grampians share resulting in additional funding of £11.4 million in 2026/27. We have not anticipated any further increase in our NRAC formula allocation over the period of the MTF, and a more fundamental transformation of our services will be required to ensure financial sustainability.



- No change in the overall population is expected across Grampian between 2022 and 2047.
- At local authority level Aberdeen City is projected to have a 3% increase between 2022 and 2047 while decreases of 1% and 5%, respectively, are expected in Aberdeenshire and Moray.
- Significant demographic changes are expected with the over 65 population predicted to grow by 37% by 2047, and as much as 45% in Aberdeenshire.

Demographics



Forecasting the future burden of disease: The impact of demographic transition over the next 20 years on Disability Adjusted Life Years (DALYs)

- The annual disease burden is forecast to increase 20% over a similar period.
- To retain the overall health needs in 2019, the forecasted annual disease burden in 2043 would need to reduce by 17%, which is equivalent to eradicating the entire disease burden of cancer in 2019.
- In terms of overall health needs, the sub-group with the largest forecasted annual crude disease burden is those aged 65 to 84 years. This is due to the interaction between the extent of health needs and increasing size of this population sub-group.

Demand

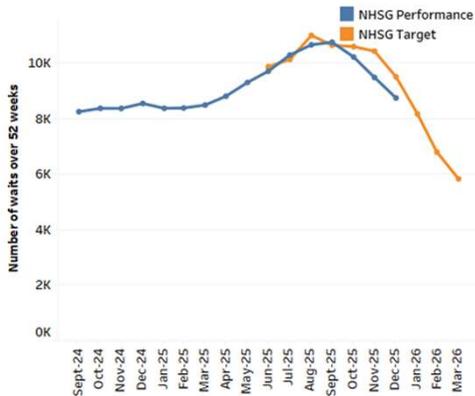


The Scottish Government is keen to address the backlog of planned care activity with a commitment to ensure that by March 2026 no one is waiting longer than a year for their new outpatient appointment or inpatient/day-case procedure. Funding has been provided by Scottish Government in 2025/26 to create additional capacity to support reduced waits.

Scottish Government have also provided funding to improve access to Unscheduled Care which has been used across Health and Social Care to deliver additional capacity to support the Unscheduled Care system. Demand on primary care and community services also growing and ensuring services are designed to meet the future demand in the context of our changing demographics is vital.

The consideration of demand and capacity on a whole system basis will be key to transforming the pathways of care within our system to support a sustainable health service in the medium term.

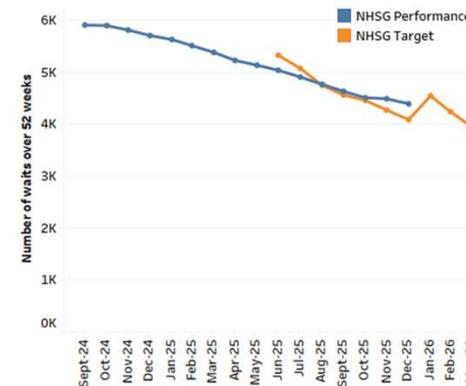
Performance against the outpatient 52 week target:



Consultant Outpatient list size remains high but has shown reduction from peak.



Performance against the Treatment Time (TTG) Guarantee 52 week target:



TTG inpatient and day case waiting list has reduced significantly but remains high.



Policy



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In 2025, Scottish Government announced their Programme for Government which included detail on the areas of focus for Scottish Government for the coming year. The programme included:

(1). A commitment to reduce the time patients wait for treatment and ensuring no one waits for more than a year for surgical treatment with focus on:

- tackling backlogs against cancer treatment standards
- ensuring more people can see their GP and get cared for in the community
- Delivering more procedures via National Treatment Centres
- Ensuring more people can be cared for at home, reducing pressures in hospitals
- Delivering specialised frailty teams in every core Emergency Department.
- Targeted support across Scotland for Long Covid, ME, Chronic Fatigue and other similar conditions.

(2). A commitment to supporting people to live longer, healthier and fulfilling lives through:

- The roll out of Emergency Department opt out testing for blood borne viruses.
- Improving mental health support for young people and improving access to adult mental health treatment.
- Reducing harm and deaths caused by drugs and alcohol.
- The establishment of a Women's Health Research Fund.

(3). Recognition of the need for renewal and reform to futureproof our health services and protect patients and staff from the impacts of the growing demand faced by the NHS, whilst ensuring people can continue to access services when most in need.



Risks



Challenging economic conditions

The Global, UK and Scottish economy all have an impact on the population of Grampian across a range of areas including earnings, taxation and employment. They also impact on the funding available to support public spending and in turn, the funding available to Health Boards to deliver services. Scotland's funding is largely dependent on funding from the UK Government and income from devolved tax revenues.

There has been a significant increase in global geopolitical risk arising from the conflict in the Middle East. Alongside continued world trade uncertainty, these factors have the potential to disrupt global demand and supply chains.

Economic updates from the Scottish Government highlight the following economic factors:

- GDP data showed that Scottish GDP grew by 1.2% in 2024, by 0.5% through the first half of 2025 and 0.3% in the three months to November. Growth in Scotland has been broadly in line with growth at a UK level.
- The Scottish Fiscal Commission published their latest forecasts for the Scottish economy alongside the Scottish Budget on 13 January. Following expected growth of 1.1% in 2025, they forecast Scottish GDP growth to strengthen to 1.3% in both 2026 and 2027.
- The inflation rate increased to 3.4% in December but is expected to fall in the coming months and return to around 2% over the first half of the 2026 calendar year. There is a significant risk that inflation may increase as a result of the conflict in the Middle East.
- Business activity was more stable in January after a challenging fourth quarter of 2025, accompanied by a slight improvement in business optimism.
- Unemployment remained low in Scotland in the final quarter of 2025; however, indicators continue to point to a loosening labour market, with reductions in payrolled employment, weaker pay growth, and business surveys suggesting declining staffing levels at the start of 2026.

Risks



Risks specific to the Medium Term Financial Framework

The MTFF is a financial model and as such has risks associated with it. As an organisation NHS Grampian needs to be aware of these risks but should not become risk averse when developing its future plans. NHS Grampian recognises strategic risks through regular review of the NHS Grampian Risk Register. This is used to ensure significant risk is identified and effective mitigating actions implemented which reduce these risks to acceptable levels whilst securing service delivery within available resources.

There are a number of financial risks relevant to NHS Grampian that will require to be monitored and mitigated throughout the period of the Medium Term Financial Framework. The key risks are:

Delivery of Efficiencies Programme

Robust plans are being developed to deliver efficiency savings during 2026/27. Given the level of transactional savings delivered over the previous two financial years, delivery of savings in years 2 onwards of the plan will require transformational savings to be identified to deliver benefits from 2027/28 onwards.

Level of Operational Overspend

Our financial plan assumes a consistent level of operational overspend of £2.9 million a month. Our services continue to experience significant pressures with capacity and patient flow challenges leading to excess costs. If these pressures increase there is a risk that operational overspends will also increase. We have provided for inflation on non-pay costs however rising geopolitical tensions may result in further inflationary pressure as we move through the period of the financial plan.

Integration

We have made provision of £13 million in our plan to reflect the potential contribution required from NHS Grampian towards deficits within the three Grampian IJBs in 2026/27. Significant pressure is being experienced in each of our IJBs driven by demand pressures across health and social care. The MTFF assumes IJBs are able to deliver their savings plans in year one of the MTFF, and show a continued reduction in deficits over the period of the MTFF.

Risks



Operational Improvement Plan

Our plan assumes all recurring commitments associated with the Planned Care improvement plan and the Unscheduled Care improvement plan will be funded on a recurring basis. Senior finance representatives within NHS Grampian have met with the government to outline the recurring commitments being managed by the Board and we will continue to work closely with Scottish Government to manage this risk whilst ensuring the delivery of improved performance and access to planned and unscheduled care.

AFC Non pay reform

Our plan assumes that the £29.3m of funding provided by Scottish Government will be sufficient to cover the cost of the 2023/24 Agenda for Change pay reforms. There remains significant uncertainty regarding the final costs of the reforms in particular around the costs associated with the band 5 to 6 regrade. The Board have agreed criteria for backfill, targeted at areas of high risk or where reduction in the workforce would result in negative impacts on performance. There remains a significant risk that the reduction in working hours from the 1st April 2026 will result in increased supplementary staffing costs.

Workforce recruitment and retention challenges

NHS Grampian continue to face workforce recruitment and retention challenges, with particular enduring recruitment challenges impacting our Medical workforce for both Mental Health services and to support the delivery of healthcare at Dr Grays Hospital. These challenges impact on the sustainability of our services with a continued reliance on medical locums, agency nurses and bank staff which places additional pressure on budgets. As a Board we are committed to recruiting to permanent posts to support exit from agency models, and the Boards commitment to employ newly graduated nurses is supporting reductions in agency and bank use. However, the further 1 hour reduction in the working week as agreed as part of AFC non-pay reform will require additional recruitment, which will result in additional supplementary staffing costs given limited workforce supply.

Health & Care Staffing Act

The Health and Care Staffing Act came into effect in April 2024 and has driven an increased demand for additional staffing to ensure compliance with the standards recommended by the various workforce measurement tools. There is no provision in our financial plan for any increased staffing impact resulting from the Act.

Section 3: Financial Projections 2026/27 to 2030/31



	2026/27	2027/28	2028/29	2029/30	2030/31
Brought forward Deficit	£45m	£36m	£25m	£15m	£0m
Add back Non Recurring Adjustments					
- Savings and other one off adjustments	£12m	£6m	£6m	£5m	£5m
- Reduction in Sustainability Funding	£10m	£5m	£5m	£5m	£0m
Inflation and growth	£24m	£20m	£16m	£13m	£33m
Income from SG (after transfer to IJB and funding of pay awards)	(£15m)	(£4m)	(£4m)	(£5m)	(£5m)
Deficit before savings	£76m	£63m	£48m	£33m	£33m
- Reduction in IJB deficit support funding	(£13m)	(£3m)	(£3m)	(£3m)	(£3m)
- Value and Sustainability Savings	(£27m)	(£35m)	(£30m)	(£30m)	(£30m)
Total Savings requirement	(£40m)	(£38m)	(£33m)	(£33m)	(£33m)
NHS Grampian Deficit	£36m	£25m	£15m	£0m	£0m
Anticipated Deficit Support Funding	£36m	£25m	£15m	£0m	£0m

Key Points:

- Non-recurring sustainability funding anticipated to reduce during the period of the plan, ceasing in the 2029/30 financial year.
- Deficit support funding confirmed for 2026/26, and indicative values provided for 2027/28 and 2028/29.
- Projected cumulative financial gap over the next 5 years of £76m. Brokerage of £90m from 2023/24 and 2024/25 remains repayable on return to balance. It is not assumed this will be repaid during the period of the MTFF.
- Recurring savings of 3% to be delivered on non delegated services with IJBs also requiring to deliver 3% savings.
- Out with Programme for Government Funding there will be no opportunities in short to medium term to invest in new developments other than through revenue neutral redesign.

Section 4: Principles and Approach to Financial Management



The MTFF is based on the following key principles:

1. No recurring commitments shall be made against non-recurring funding allocations.
2. Financial planning is required on a whole system basis with improved alignment of the financial resources of NHS Grampian and the Health & Social Care Partnerships in order to obtain maximum value and efficiency in the delivery of services.
3. Service redesign or transformation should be delivered at a reduced cost compared to the existing cost of services being redesigned, after any one-off costs associated with the redesign have been considered. Examples would be delivering extra activity for the same costs or the same activity for less cost.
4. Financial resources and intent should align fully with NHS Grampian's Plan for the Future.
5. In compliance with the Fairer Scotland Duty 2018, in our financial planning, NHS Grampian will continue to allocate additional resources to help improve health outcomes for people living in socio-economically deprived communities. Similarly, we will also support people with "protected characteristics", as defined by the Equality Act 2010.
6. The environmental agenda will also be at the forefront of our financial decision making.
7. Supporting and recognising the value that preventative activities and services bring to peoples' lives, we will protect preventative spend and over the medium term ensure the prevention agenda is prioritised within financial decision making.
8. The Board will fully engage with Sub National planning to support the five strategic priorities and identify opportunities to learn from best practice across boards in order to improve performance and reduce the overall financial gap.

Value and Sustainability Plans

2025/26 Summary and sensitised position

- A deliverability assessment has been undertaken to test the sensitivity of this programme drawing on discussions with workstream teams, current analysis of productivity gains and known barriers (i.e. hard to recruit vacancies).
- There is inherent risk in our programme and we have taken a prudent and honest view of both worst case and best case scenarios in the plan.
- This is an already ambitious plan following a total of £116.4m savings being delivered by NHS Grampian from 2024/25 – 2025/26.

Worst case scenario

- We have applied sensitivities totaling £4.2m as follows:
 1. £1m of operational efficiencies given grip and control measures are becoming more limited.
 2. £1.3m within Pharmacy linked to risk of medicines not switching to low-cost generic prices.
 3. £800k across nursing and medical workforce due to challenges in ensuring appointments to substantive posts as planned
 4. £500k from underperformance within procurement from national contract benefits.
 5. £600k from general risk concerns across a range of schemes.



Workstream	Worst	Likely	Best
Integration Joint Boards	13,000	13,000	13,000
Operational Improvement	3,000	4,000	4,000
Corporate - Finance	3,500	3,500	3,500
Corporate - Other	850	1,057	1,200
Pharmacy	3,300	4,600	4,600
Estates & Facilities	600	698	698
Nursing, Midwifery & AHPs	2,400	2,900	2,900
Acute Medical Workforce	2,900	3,200	3,200
Procurement	2,300	2,800	3,000
Mental Health & Learning Disabilities	1,157	1,157	1,157
Acute Sector	1,250	1,592	1,592
Digital Directorate	210	210	210
Infrastructure & Sustainability	235	235	235
Public Health	23	23	23
Development of Efficiency Schemes	3,000	3,000	3,500
Total	37,725	41,972	42,815

Value and Sustainability



2027/2028 and 2028/29 opportunities (Years 2 & 3)

- We will invest in internal transformation capacity in 2026/27 to progress productivity and redesign opportunities in Years 2 & 3.
- Working with local system partners via the North-East System Transformation Group we will aim to streamline and optimise agreed services to better meet the needs of our communities.
- As we engage, lead and contribute to the sub-national agenda, we will ensure Grampian has a strong voice in shaping the future of healthcare for the East of Scotland.

	2026/27	2027/28	2028/29
Total Savings requirement	(£40m)	(£38m)	(£33m)
From Transactional Savings	£42.1m	£18m	£13m
From Material Transformational Savings	£0m	£20m	£20m

Assumptions

Savings identified through continued internal efficiencies across pay and non-pay categories with no gains anticipated at present from significant service or system redesign.

Work to prioritise and model transformational savings in 2026/27 to realise benefits from 2027/28 onwards.

Transformational areas of focus to include:

1. Operational redesign and improvement across select clinical and non-clinical services
2. Outputs from Integrated Service Planning across clinical specialties
3. Workforce redesign opportunities including consultant job planning
4. Pan-Grampian system opportunities in partnership with IJB and Council Partners
5. Operational gains via sub-national planning workstreams of Orthopaedic waiting times and Emergency Healthcare Services
6. Digital gains via sub-national planning workstreams of Digital Front Door and alignment of business systems

Section 5: Sensitivity Analysis



	2026/27	2027/28	2028/29	2029/30	2030/31
	£m	£m	£m	£m	£m
Funding					
1% Scottish Government Increase	9.3	9.5	9.7	9.9	10.1
1% Scottish Government Decrease	(9.3)	(9.5)	(9.7)	(9.9)	(10.1)
Value and Sustainability					
10% Increase in savings delivery	4.0	3.8	3.3	3.3	3.3
10% Reduction in savings delivery	(4.0)	(3.8)	(3.3)	(3.3)	(3.3)
Costs					
1% Pay Increase	(7.0)	(7.3)	(7.4)	(7.6)	(7.7)
1% Non Pay Increase	(1.4)	(1.4)	(1.4)	(1.4)	(1.4)
0.25% Demographic Increase	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)
10% IJB Deficit Support Increase	(1.3)	(1.0)	(0.7)	(0.4)	(0.1)
1% Pay Decrease	7.0	7.3	7.4	7.6	7.7
1% Non Pay Decrease	1.4	1.4	1.4	1.4	1.4
0.25% Demographic Decrease	2.7	2.7	2.7	2.7	2.7
10% IJB Deficit Support Increase	1.3	1.0	0.7	0.4	0.1

Sensitivity analysis is used to test the major assumptions made by the model and understand what the implications are if these assumptions change. This effectively tests “what if” scenarios and enables the Board to determine potential fluctuations which could exist within the financial model.

The table shows what would happen if there are changes in the main assumptions. For example, if pay awards were 1% higher than the assumptions made in the model, this would represent an additional cost of £7.0m million in 2026/27.

The figures in the table are for NHS Grampian non-delegated services only (i.e. they do not cover IJB delegated budgets).

Sensitivity Scenarios

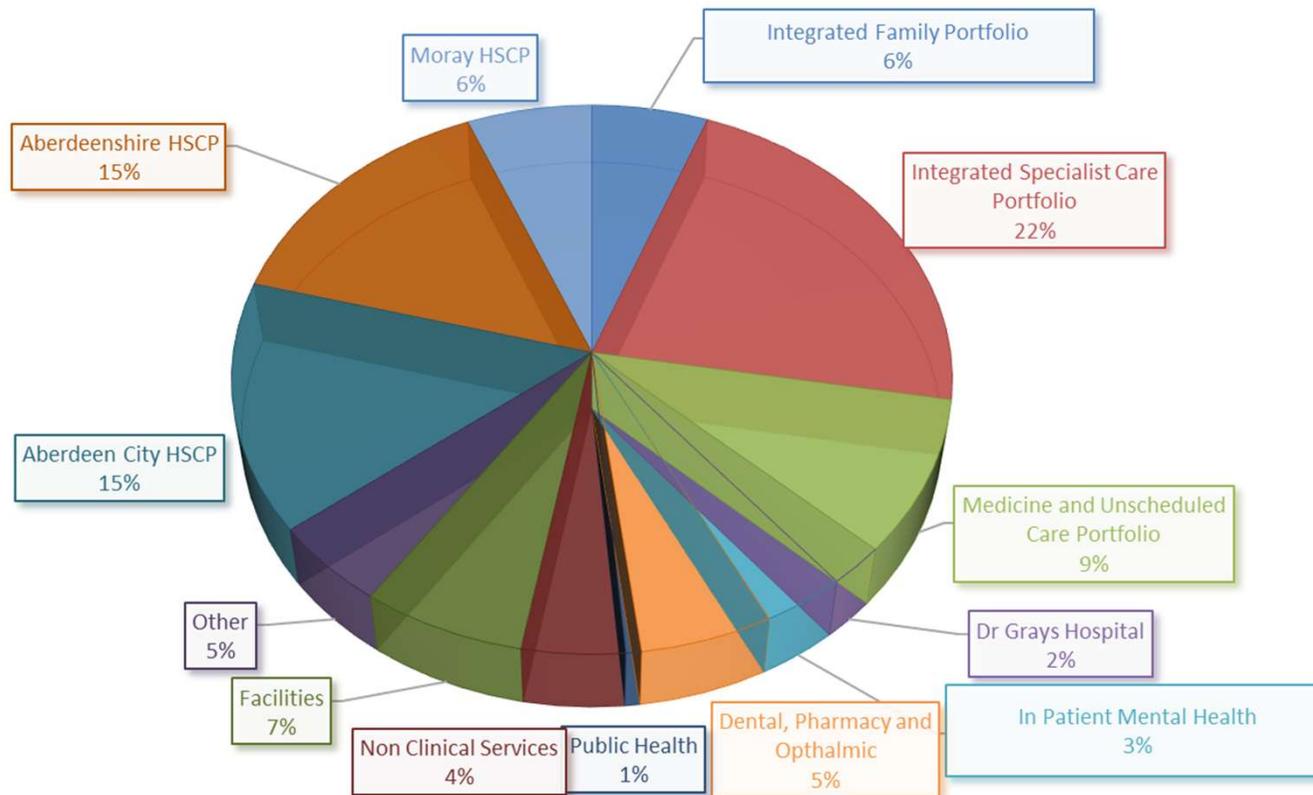
To understand the implications of changes in assumptions a number of scenarios have been modelled using a combination of different changes in the main assumptions. The impact of these scenarios on the financial gap is shown in the table:

	2026/27	2027/28	2028/29	2029/30	2030/31
	£m	£m	£m	£m	£m
Unadjusted Model	(36.0)	(25.0)	(15.0)	0.00	0.00
Scenario 1 (Best Case) - Funding +1%, Savings +10% and Pressures reduced	(10.4)	0.6	10.1	25.3	25.3
Scenario 2 (Worst Case) - Funding -1%, Savings -10% and Pressures increased	(61.6)	(50.6)	(40.1)	(25.3)	(25.3)
Scenario 3 - Funding no change, Savings +10% and Pressures reduced	(19.6)	(8.9)	0.49	15.3	15.2
Scenario 4 - Funding no change, Savings -10% and Pressures increased	(52.4)	(41.1)	(30.5)	(15.3)	(15.2)

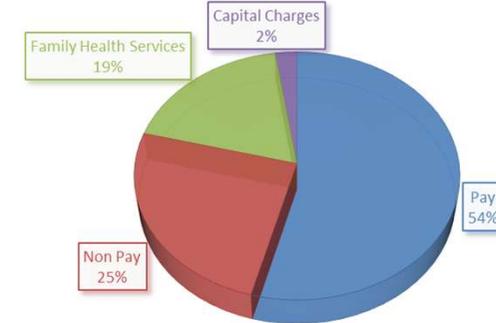
Appendix 1: Overview of current budget by area / type



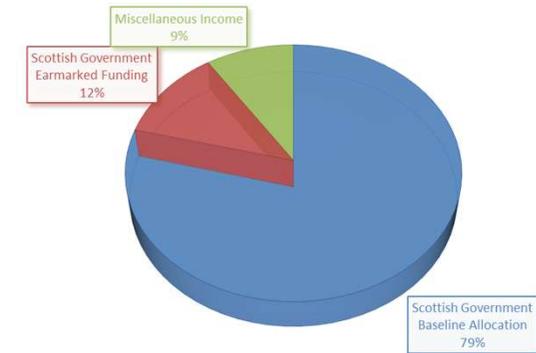
BUDGET BY AREA



BUDGET BY SPEND TYPE



FUNDING



Appendix 2: Changes in funding 2011/12 to 2025/26



	2011/12	%	2016/17	%	2019/20	%	2025/26	%
IJB Budgets and Family Health Services	394.4	46%	471.7	44%	524.2	44%	714.7	41%
Inpatient Mental Health	30.0	3%	35.0	3%	39.4	3%	59.5	3%
Acute Sector and Dr Grays Hospital	316.4	37%	413.8	39%	478.1	40%	683.4	39%
Facilities and Estates	59.0	7%	72.9	7%	81.3	7%	117.6	7%
Corporate Services	40.6	5%	51.1	5%	56.1	5%	84.8	5%
Other	19.9	2%	22.7	2%	16.6	1%	85.6	5%
Total	860.3	100%	1,067.2	100%	1,195.7	100%	1,745.6	100%

Appendix 3: Trend Analysis



This table shows how NHS Grampian spends £1 of resource in 2025/26 compared with how £1 of resource was spent in 2012/13:

Heading	2012/13	2025/26	Change	2024/25	2025/26	Change
Medical Staffing	£0.14	£0.15	+1p	£0.15	£0.15	
Nursing	£0.19	£0.22	+3p	£0.22	£0.22	
Other Staff Groups	£0.17	£0.20	+3p	£0.19	£0.20	+1p
Drugs inc GP Prescribing	£0.14	£0.13	-1p	£0.13	£0.13	
Medical Supplies and Equipmen	£0.06	£0.05	-1p	£0.06	£0.05	-1p
Maintenance Energy and Rates	£0.03	£0.02	-1p	£0.02	£0.02	
Resource Transfer	£0.03	£0.04	+1p	£0.04	£0.04	
Cross Boundary Activity	£0.03	£0.02	-1p	£0.02	£0.02	
Other Non Pay	£0.05	£0.03	-2p	£0.03	£0.03	
Capital Charges	£0.02	£0.02		£0.02	£0.02	
Primary Care Services	£0.14	£0.12	-2p	£0.12	£0.12	
Total	£1.00	£1.00		£1.00	£1.00	

In 2012/13 we spent 50% of our resource on pay costs. We now spend a higher proportion of our resource on pay costs with 54% of our resource spent on pay costs.