

Meeting: NHS Highland Board
Meeting date: 30 January 2024
Title: Finance Report – Month 8 2023/2024
Responsible Executive/Non-Executive: Heledd Cooper, Director of Finance
Report Author: Elaine Ward, Deputy Director of Finance

1 Purpose

This is presented to the Board for:

- Discussion

This report relates to a:

- Annual Operation Plan

This report will align to the following NHSScotland quality ambition(s):

Effective

This report relates to the following Strategic Outcome(s)

Start Well		Thrive Well		Stay Well		Anchor Well	
Grow Well		Listen Well		Nurture Well		Plan Well	
Care Well		Live Well		Respond Well		Treat Well	
Journey Well		Age Well		End Well		Value Well	
Perform well	X	Progress well					

2 Report summary

2.1 Situation

This report is presented to enable discussion on the NHS Highland financial position at Month 8 2023/2024 (November 2023).

2.2 Background

NHS Highland submitted a financial plan to Scottish Government for the 2023/2024 financial year in March 2023. An initial budget gap of £98.172m was presented with a Cost Improvement Programme of £29.500m proposed, leaving a residual gap of £68.672m; work is ongoing, within the Board and nationally to look at options and schemes to close this gap. Scottish Government provided additional funding and the

Board is now looking to deliver a financial deficit of no more than £55.800m. This report summarises the position at Month 8, provides a forecast through to the end of the financial year and highlights the current and ongoing service pressures.

2.3 Assessment

For the period to end November 2023 (Month 8) an overspend of £46.948m is reported. This overspend is forecast to increase to £55.975m by the end of the financial year. The improvement on the residual gap in the plan is due to the additional funding allocations from Scottish Government. The current forecast assumes slippage against the CIP of £13.768m.

2.4 Proposed level of Assurance

This report proposes the following level of assurance:

Substantial	<input type="checkbox"/>	Moderate	<input type="checkbox"/>
Limited	<input checked="" type="checkbox"/>	None	<input type="checkbox"/>

It is only possible to give limited assurance at this time due to current progress on savings delivery and the ongoing utilisation of locums and agency staff. During this ongoing period of financial challenge the delivery of a robust recovery plan is required to increase the level of assurance.

3 Impact Analysis

3.1 Quality/ Patient Care

The impact of quality of care and delivery of services is assessed at an individual scheme level using a Quality Impact Assessment tool. All savings are assessed using a Quality Impact Assessment (QIA).

3.2 Workforce

There is both a direct and indirect link between the financial position and staff resourcing and health and wellbeing. Through utilisation of the QIA tool, where appropriate, the impact of savings on these areas is assessed.

3.3 Financial

Scottish Government has recognised the financial challenge on all Boards for 2023/2024 and beyond and are providing additional support to develop initiatives to reduce the cost base both nationally and within individual Boards. NHS Highland is receiving dedicated tailored support to assist in response to the size of the financial challenge.

3.4 Risk Assessment/Management

There is a risk that NHS Highland will overspend on its 2023/2024 revenue budget by more than the current forecast of £55.975m. The forecast assumes slippage against the

CIP of £13.768m – there is a risk associated with CIP delivery at this level. The forecast is also dependent on assumptions around funding and expenditure. The Board continues to look for opportunities both locally and nationally to bring the recurrent cost base down.

3.5 Equality and Diversity, including health inequalities

An impact assessment has not been completed because it is not applicable

3.6 Other impacts

None

3.7 Communication, involvement, engagement and consultation

The Board has carried out its duties to involve and engage both internal and external stakeholders where appropriate through the following meetings:

- Executive Directors Group – via monthly updates and exception reporting
- Efficiency Transformation Group
- Monthly financial reporting to Scottish Government

3.8 Route to the Meeting

This has been previously considered by the following groups as part of its development. The groups have either supported the content, or their feedback has informed the development of the content presented in this report.

- EDG
- Finance, Resource & Performance Committee

4 Recommendation

Discussion – Examine and consider the implications of the matter.

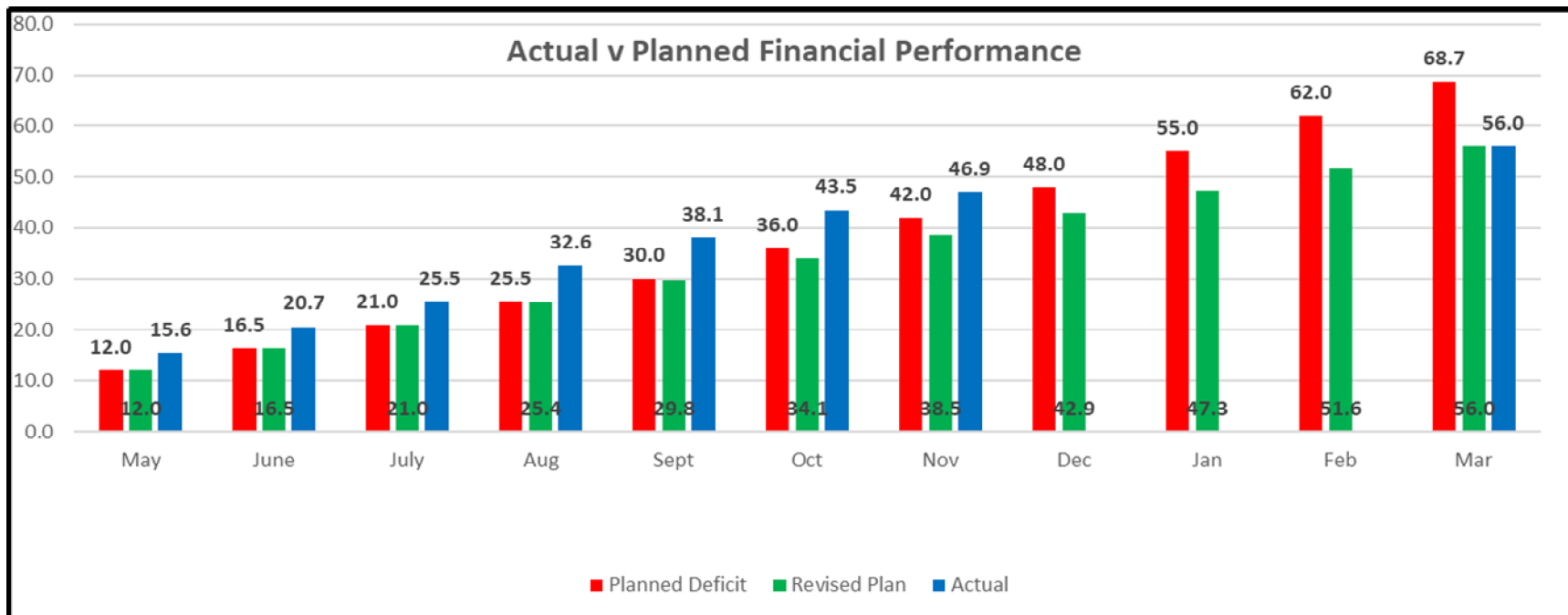
4.1 List of appendices

The following appendices are included with this report:

No appendices accompany this report

Finance Report – Month 8 (November 2023)

MONTH 8 2023/2024 – NOVEMBER 2023



Financial Recovery Plan actions

Target	YTD £m	Forecast £m
Delivery against Revenue Resource Limit (RRL) DEFICIT/SURPLUS	46.9	56.0
Delivery against Financial Plan DEFICIT/SURPLUS	4.9	12.7
Deliver against Cost Improvement target DEFICIT/SURPLUS	11.9	13.8

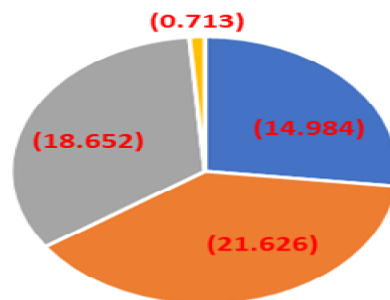
Forecast year end deficit of £55.975m
Forecast slippage against CIP £13.768m

MONTH 8 2023/2024 – NOVEMBER 2023



Current Plan £m	Current Budget £m	Summary Funding & Expenditure	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
1,161.384	1,161.384	Total Funding	748.540	748.540	-	1,161.384	-
		Expenditure					
450.867	449.206	HHSCP	298.070	309.219	(11.149)	464.190	(14.984)
310.154	296.970	Acute Services	197.447	211.922	(14.475)	318.596	(21.626)
205.661	149.855	Support Services	85.412	106.153	(20.741)	168.507	(18.652)
966.681	896.031	Sub Total	580.929	627.294	(46.365)	951.294	(55.262)
263.375	265.352	Argyll & Bute	167.610	168.194	(0.583)	266.065	(0.713)
1,230.056	1,161.384	Total Expenditure	748.540	795.488	(46.948)	1,217.359	(55.975)
(68.672)	-	Planned Deficit	-	-	-	-	-
1,161.384		Total Expenditure			(46.948)	55.975	(55.975)

Forecast Deficit by Operational Area



■ HHSCP ■ Acute Services ■ Support Services ■ Argyll & Bute

MONTH 8 2023/2024 SUMMARY

- YTD overspend of £46.948m reported
- Forecast to increase to £55.975m at end of the 2023/2024 FY
- YTD position includes slippage against the CIP of £11.857m
- Cost improvements of £15.732m included within operational year end forecasts – slippage of £13.768m against the £29.500m plan
- Forecast is £12.697m better than that presented within the financial plan
- Forecast assumes delivery of actions within Financial Recovery Plan this includes support to balance the ASC forecast overspend

KEY RISKS



- Supplementary staffing – not seen reduction that had been anticipated
- Prescribing & drugs costs – actual information still a number of months behind
- Adult Social Care pressures – accelerating in a number of areas
- Continuing impact of high inflation rate
- Mental Health Out of Area placements
- Delivery of savings
- Delivery of actions within Recovery Plan –support with ASC overspend (£3.642m forecast overspend)

MITIGATIONS



- Reduced support/ sustainability packages
- Reduction in planned spend (review of business cases/ pressures)
- Non-recurrent VAT rebates
- Additional SG Funding – Sustainability & NRAC Parity and New Medicines Funding
- Financial Recovery Plan

MONTH 8 2023/2024 – NOVEMBER 2023



Summary Funding & Expenditure	Current Plan £m
RRL Funding - SGHSCD	
Baseline Funding	823.042
FHS GMS Allocation	80.529
Supplemental Allocations	53.503
Non Core Funding	-
Total Confirmed SGHSCD Funding	957.074
Anticipated funding	
Non Core allocations	69.957
Core allocations	13.391
Total Anticipated Allocations	83.347
Total SGHSCD RRL Funding	1,040.421
Integrated Care Funding	
Adult Services Quantum from THC	131.729
Childrens Services Quantum to THC	(10.767)
Total Integrated care	120.962
Total NHS Highland Funding	1,161.384

FUNDING

- Current funding £1,157.445m (increase of £3.939m from Month 7)
- £83.347m of allocations anticipated but not yet confirmed by Scottish Government
- £11.522m of net allocations received in Month 8 – majority in respect of pay award funding
- Current funding is £29.303m higher than at the close of the 2022/2023 financial year

MONTH 8 2023/2024 – NOVEMBER 2023



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	HHSCP					
252.139	NH Communities	168.389	173.845	(5.457)	260.936	(8.798)
50.912	Mental Health Services	33.921	38.938	(5.017)	56.266	(5.354)
150.512	Primary Care	100.176	101.596	(1.420)	152.810	(2.298)
(4.357)	ASC Other includes ASC Income	(4.416)	(5.161)	0.745	(5.822)	1.466
449.206	Total HHSCP	298.070	309.219	(11.149)	464.190	(14.984)
	HHSCP					
275.175	Health	183.510	192.099	(8.590)	286.517	(11.342)
174.031	Social Care	114.561	117.119	(2.559)	177.673	(3.642)
449.206	Total HHSCP	298.070	309.219	(11.149)	464.190	(14.984)

	In Month £'000	YTD £'000
Locum	670	5,715
Agency	547	4,625
Bank	843	6,232
Total	2,059	16,572

HHSCP

- YTD overspend of £11.149m reported
- Forecast that this will increase to £14.984m by financial year end
- Slippage of £5.279m against the CIP reported in the YTD position with £6.379m of slippage built into the year end forecast
- Continuing pressure with agency nursing and locum usage within Mental Health and in-house Care Homes and 2C practices - £16.572m incurred YTD
- A £2.100m prescribing pressure is forecast due to an increase in both the cost of drugs and volume of scripts being issued

MONTH 8 2023/2024 – NOVEMBER 2023



Services Category	Annual Budget £000's	YTD Budget £000's	YTD Actual £000's	YTD Variance £000's	YTD Forecast £000's	YE Variance £000's
Total Older People - Residential/Non Residential Care	58.518	38.799	38.548	0.251	57.455	1.063
Total Older People - Care at Home	34.364	22.896	24.406	(1.511)	36.387	(2.023)
Total People with a Learning Disability	41.535	27.801	29.101	(1.301)	44.291	(2.756)
Total People with a Mental Illness	8.322	5.491	5.548	(0.057)	8.171	0.151
Total People with a Physical Disability	8.256	5.535	5.426	0.110	9.006	(0.750)
Total Other Community Care	18.535	12.178	12.134	0.044	18.526	0.009
Total Support Services	5.024	2.210	2.941	(0.731)	4.774	0.250
Care Home Support/Sustainability Payments	-	-	(0.502)	0.502	(0.166)	0.166
Total Adult Social Care Services	174.555	114.910	117.602	(2.692)	178.444	(3.889)
Total ASC less Estates	174.031	114.561	117.119	(2.559)	177.673	(3.642)

Care Home	YTD Actuals
Ach-an-eas	19
Bayview House	30
Caladh Sona	13
Grant House	59
Home Farm Portree	640
Invernevis House	31
Lochbroom House	21
Mackintosh Centre	3
Mains House Care Home	248
Melvich Centre	4
Pulteney House	12
Strathburn House	35
Telford Centre	17
Wade Centre	64
Total	1,194

ADULT SOCIAL CARE

- Slippage of £2.215m on the CIP has been built into the year end forecast
- £1.194m expenditure on agency nursing incurred to date within NHS Highland care homes
- £1.741m forecast full year spend on sustainability packages to ensure continuity of service provision
- Position assumes funding held by Highland Council from the 2021/2022 financial year will be drawn down in full – £9.734m
- The updated Financial Recovery Plan assumes that the ASC overspend will be supported to reduce the NHS Highland overspend position at year end – there is a risk to the overall delivery of the revised NHS Highland target if this does not progress

MONTH 8 2023/2024 – NOVEMBER 2023



Current Plan £000	Division	Plan to Date £000	Actual to Date £000	Variance to Date £000	Forecast Outturn £000	Forecast Variance £000
79.046	Medical Division	53.227	59.293	(6.066)	87.263	(8.217)
21.549	Cancer Services	14.233	14.893	(0.660)	22.563	(1.014)
65.952	Surgical Specialties	44.118	46.771	(2.653)	69.032	(3.080)
35.236	Woman and Child	24.248	22.517	1.730	33.878	1.358
44.443	Clinical Support Division	29.449	28.914	0.535	43.707	0.735
(4.234)	Raigmore Senior Mgt & Central Cost	(3.328)	4.031	(7.359)	6.564	(10.797)
25.303	NTC Highland	15.608	14.882	0.726	24.714	0.589
267.296	Sub Total - Raigmore	177.554	191.301	(13.747)	287.721	(20.425)
14.274	Belford	9.586	9.847	(0.261)	14.640	(0.365)
15.400	CGH	10.307	10.774	(0.467)	16.236	(0.836)
296.970	Total for Acute	197.447	211.922	(14.475)	318.596	(21.626)

	In Month £'000	YTD £'000
Locum	1,025	7,388
Agency	416	7,556
Bank	643	4,732
Total	2,084	19,676

ACUTE

- £14.475m overspend reported year to date
- Forecast that this will increase to £21.626m by financial year end
- £4.111m slippage against CIP reported in YTD position – slippage of £4.911m included within the year end forecast. This reflects delivery of reduction in agency and locum spend forecast in the latter part of the FY
- A pressure of £0.517m is forecast within drugs
- The forecast includes approx. £10.446m of costs likely to be incurred as a result of patients not being within the correct care setting
- This position has deteriorated from that forecast at Month 7 by £0.654m due to continuing use of agency nursing and locum staffing which has impacted the forecast of planned savings

MONTH 8 2023/2024 – NOVEMBER 2023



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	Support Services					
14.732	Central Services	11.880	12.847	(0.967)	11.620	3.113
(6.103)	Central Reserves	(18.983)	-	(18.983)	14.245	(20.348)
47.878	Corporate Services	30.691	28.904	1.787	45.061	2.817
52.082	Estates Facilities & Capital Planning	33.951	34.875	(0.925)	53.619	(1.537)
16.075	eHealth	11.080	11.277	(0.197)	16.366	(0.290)
25.190	Tertiary	16.793	18.250	(1.457)	27.596	(2.406)
149.855	Total	85.412	106.153	(20.741)	168.507	(18.652)

	In Month £'000	YTD £'000
Locum Agency Bank	2	50
	104	556
	206	1,408
Total	313	2,014

SUPPORT SERVICES

- £20.741m overspend reported year to date with this forecast to reduce to £18.652m by financial year end – this reflects the funding gap built into the initial plan submitted to SG in March 2023
- Within Corporate Services vacancies within a number of teams and additional Medical Education funding continue to drive the underspend
- Within Tertiary pressures within the main SLA with Lothian, Rheumatology, Cardiac and Forensic Psychiatry services provided out of area continue to drive the forecast overspend – an uplift to the SLAs higher than the Board's baseline uplift has impacted here
- Estates continue to see pressures in utility & food costs, additional maintenance, additional pay costs at New Craigs due to facilities staff being aligned to Agenda for Change uplifts and increased cleaning across a number of sites

MONTH 8 2023/2024 – NOVEMBER 2023



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	Argyll & Bute - Health					
125.633	Hospital & Community Services	82.295	82.176	0.119	125.533	0.100
39.144	Acute & Complex Care	26.289	26.947	(0.658)	40.514	(1.370)
10.184	Children & Families	6.801	6.783	0.018	10.134	0.050
38.138	Primary Care inc NCL	25.003	25.001	0.003	38.046	0.092
21.987	Prescribing	14.580	16.127	(1.547)	24.187	(2.200)
11.249	Estates	7.368	7.499	(0.132)	11.417	(0.168)
5.755	Management Services	3.725	3.543	0.182	5.522	0.233
13.262	Central/Public health	1.549	0.118	1.431	10.712	2.550
265.352	Total Argyll & Bute	167.610	168.194	(0.583)	266.065	(0.713)

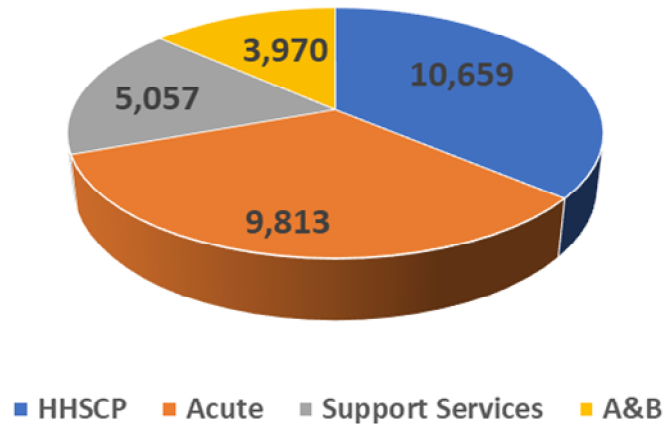
	In Month £'000	YTD £'000
Locum	487	4,010
Agency	287	2,713
Bank	223	1,787
Total	996	8,510

ARGYLL & BUTE

- YTD overspend of £0.583m reported with this forecast to increase to £0.713m by financial year end
- The YTD position includes £0.955m of slippage against the CIP.
- It is anticipated that cost improvements/ reductions of £3.080m will be delivered in year – full year slippage of £0.891m
- £8.510m expenditure on supplementary staffing by end of Month 8
- £2.200m of a pressure relating to prescribing has been built into the forecast position

MONTH 8 2023/2024 – NOVEMBER 2023

Cost Improvement Plan £000s



COST IMPROVEMENT

- £29.500m CIP programme planned
- At the end of Month 8 slippage of £11.857m against the CIP is reported
- Cost improvements of £15.732m are built into the year end forecast for operational areas, which is under-delivery of £13.768m against the target
- There is an ongoing risk around non delivery of cost improvements/reductions
- Mitigating actions are being taken to support delivery of the overall financial forecast and additional schemes will be progressed where feasible

	Target £000s	Forecast Savings £000s	Variance £000s
HHSCP	11,011	4,632	(6,379)
Acute	10,341	5,430	(4,911)
Support Services	4,177	2,591	(1,586)
A&B	3,970	3,080	(891)
Total Forecast Savings	29,500	15,732	(13,768)

CIP ASSURANCE OF PROGRESS – AS AT 22 DECEMBER 2023



Assurance of Progress as at 22-12-2023

HORIZON 1	Target	Value of Schemes In Delivery (YTD + Forecast)	% of Target Achieved (YTD Forecast)	Value of Schemes In Planning Stage (In Year Estimate)	Total	Gap (Target) - (In Delivery + In Planning)	% of Target Achieved (In Delivery + In Planning)	Count of Schemes with No Value	Total Count of Schemes	% of Schemes With No Value
Acute										
Medical	2,607	2,149	82%	458	2,607	0	100%	0	12	0%
Surgical	2,164	1,395	64%	793	2,188	24	101%	3	6	50%
Women & Child	1,112	560	50%	3	563	-549	51%	0	4	0%
Rural General Hospitals	960	230	24%	242	472	-488	49%	0	10	0%
Clinical Support	1,464	382	26%	325	707	-757	48%	1	12	8%
NTC	860	480	56%	0	480	-380	56%	1	2	50%
Cancer	688	-	0%	126	126	-563	18%	2	4	50%
Acute Central	240	233	97%	0	233	-7	97%	0	4	0%
Acute Unallocated	246	-	0%	0	0	-246	0%	0	0	0%
Unit-wide						0				
Acute Sub-Total	10,341	5,430	53%	1,945	7,375	-2,966	71%	7	54	13%
HHSCP										
Mental Health	930	380	41%	257	637	-293	68%	0	8	0%
N. Highland Community Services & Primary Care	5,617	1,586	28%	165	1,750	-3,867	31%	5	22	23%
NH Community Services		1,486		-11	1,475	1,475		5	20	25%
Primary care		100		175	275	275		0	2	0%
HHSCP-Health Unallocated	352	0	0%	0	0	-352	0%			
Adult social care	4,113	1,120	27%	1,095	2,215	-1,898	54%	2	6	33%
Unit-wide										
HHSCP Sub-Total	11,012	3,086	28%	1,517	4,602	-6,410	42%	7	36	19%
Support Services										
Corporate Services - Deputy Chief Exec	0	0	0%	0	0	0	0%	0	0	0%
Corporate Services - People & Culture	178	71	40%	7	78	-100	44%	0	3	0%
Corporate Services - Public Health	207	16	8%	0	16	-191	8%	2	3	67%
Corporate Services - Finance	137	407	297%	0	407	270	297%	0	2	0%
Corporate Services - Medical	43	0	0%	0	0	-43	0%	0	0	0%
Corporate Services - Nursing	60	0	0%	0	0	-60	0%	0	0	0%
Corporate Services - Other	0	0	0%	0	0	0	0%	0	0	0%
Corporate Services - Strategy & Transformation	92	84	91%	0	84	-8	91%	0	1	0%
Tertiary	1,454	0	0%	0	0	-1,454	0%	0	0	0%
Estates and Facilities	1,027	603	59%	451	1,054	27	103%	0	15	0%
E-Health	185	185	100%	50	235	50	127%	12	17	71%
Central	794	794	100%	0	794	0	100%	0	1	0%
Unit-wide										
Support Services Sub-Total	4,177	2,160	52%	508	2,668	-1,509	64%	14	42	33%
A&B IJB	3,970	2,538	64%	737	3,276	-695	83%	1	43	2%
A&B IJB Sub-Total	3,970	2,538	64%	737	3,276	-695	83%	1	43	2%
Grand Total	29,500	13,214	45%	4,707	17,921	-11,579	61%	29	175	17%

3 HORIZONS/ SAVINGS TRACKER

- 175 schemes are currently recorded with 29 still in planning with no estimated value of savings at this time
- It is anticipated that savings within Tertiary will not be delivered until 2024/2025
- The values within the tracker continue to be impacted by ongoing agency and locum usage – the reduction in spend has not materialised at the level forecast. As this continues the values of savings forecast to be delivered each month is reducing.

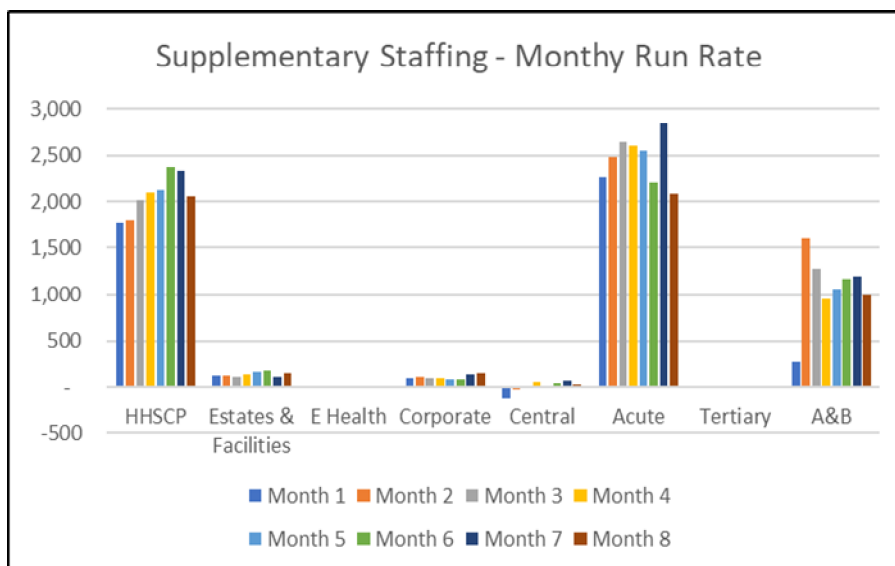
MONTH 8 2023/2024 – NOVEMBER 2023



	2023/2024 YTD £'000	2022/2023 YTD £'000	Inc/ (Dec) YTD £'000
HHSCP	16,572	12,204	4,368
Estates & Facilities	1,091	1,035	56
E Health	8	1.99	6
Corporate	821	909	(88)
Central	93	(309)	402
Acute	19,676	17,696	1,980
Tertiary	1	2	-
Argyll & Bute	8,510	6,954	1,555
TOTAL	46,771	38,493	8,279

SUPPLEMENTARY STAFFING

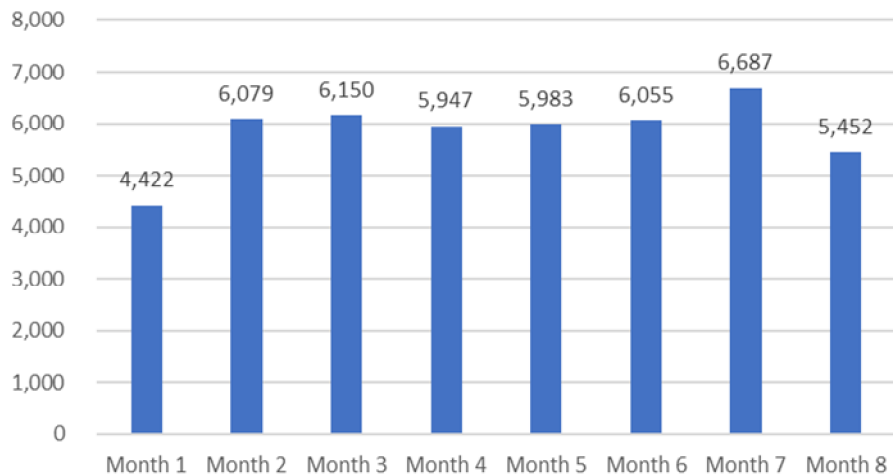
- Total spend on Supplementary Staffing at Month 8 is £46.771m – overspend on pay costs at Month 8 is £2.605m
- 2023/2024 spend at Month 8 is £8.279m higher than the same period in 2022/2023



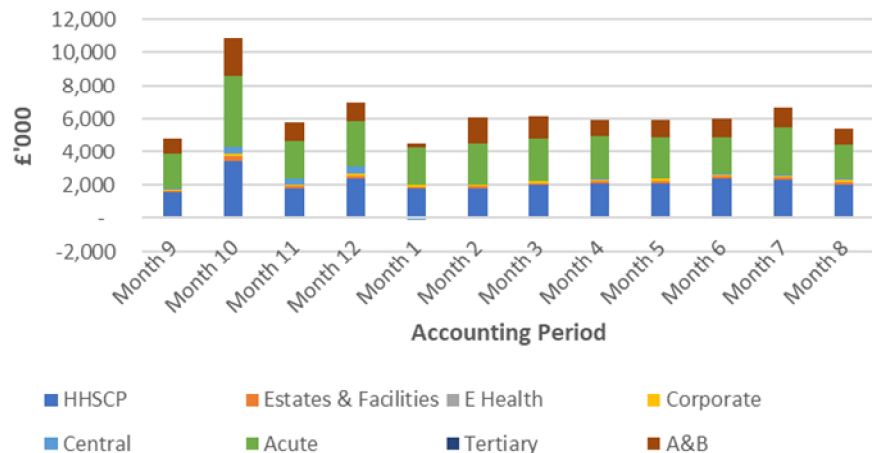
Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	Pay			
118.460	Medical & Dental	79.111	82.631	(3.521)
6.618	Medical & Dental Support	4.405	5.377	(0.972)
209.160	Nursing & Midwifery	138.877	143.017	(4.140)
39.734	Allied Health Professionals	26.442	25.374	1.068
16.161	Healthcare Sciences	10.611	10.810	(0.200)
22.379	Other Therapeutic	15.080	13.657	1.423
44.305	Support Services	29.665	28.746	0.919
82.848	Admin & Clerical	55.195	54.125	1.070
3.667	Senior Managers	2.457	1.985	0.472
55.888	Social Care	37.068	34.900	2.168
0.970	Vacancy factor/pay savings	(1.418)	(0.526)	(0.892)
600.190	Total Pay	397.491	400.096	(2.605)

MONTH 8 2023/2024 – NOVEMBER 2023

Supplementary Staffing Total Spend 2023/2024



Supplementary Staffing Dec 22- Nov 23



SUPPLEMENTARY STAFFING

- Total Spend in Month 8 is £1.235m lower than Month 7
- Month 10 in 2022/2023 is an outlier due to system and reporting issues experienced at that time. Month 10 includes an element of costs which would routinely have been reported in Month 9, 10 or 11
- The rolling 12 month position shows Month 8 having the lowest spend this FY and slightly lower than the latter months of 2022/2023
- This level of ongoing spend continues to impact on delivery of the CIP with reduced forecast values against those schemes dependent on supplementary staffing reductions

MONTH 8 2023/2024 – NOVEMBER 2023



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	Expenditure by Subjective spend			
600.190	Pay	397.491	400.096	(2.605)
123.662	Drugs and prescribing	82.961	87.449	(4.488)
58.471	Property Costs	38.173	40.035	(1.862)
42.881	General Non Pay	27.388	29.790	(2.402)
54.291	Clinical Non pay	36.093	38.883	(2.790)
147.000	Health care - SLA and out of area	98.660	99.666	(1.006)
123.766	Social Care ISC	82.763	87.801	(5.039)
108.017	FHS	70.817	69.951	0.866

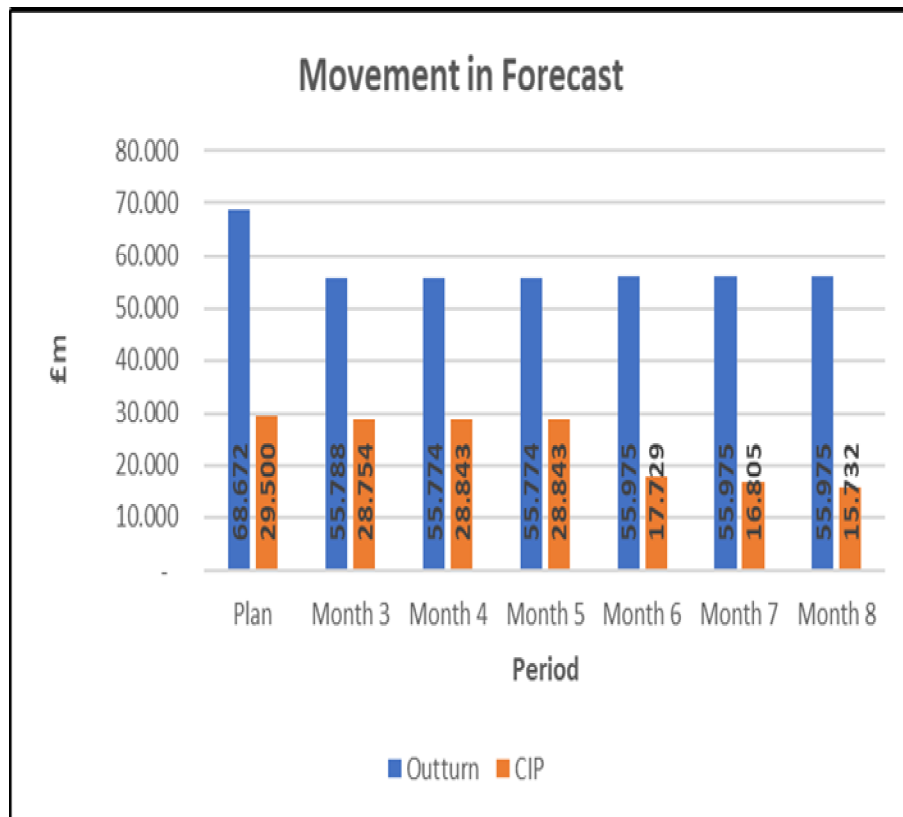
Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	Drugs and prescribing			
49.773	Hospital drugs	33.707	35.101	(1.394)
73.890	Prescribing	49.254	52.348	(3.094)
123.662	Total	82.961	87.449	(4.488)

SUBJECTIVE ANALYSIS

- There are currently pressures within all expenditure categories
- Within Drugs and prescribing this is split £1.394m within hospital drugs and £3.094m in primary care prescribing
- The most significant overspend is within the provision of social care from the independent sector
- The impact of a consistently high inflation rate this financial year is continuing to impact across all areas of spend with the pressure being most significant within estates related costs (particularly utilities) and catering supplies.

MONTH 8 2023/2024 – NOVEMBER 2023

	Operational Delivery	Savings Delivered	Forecast Position
Best Case	(75.800)	20.000	(55.800)
Worst Case	(92.175)	10.237	(81.938)
Likely	(75.800)	17.921	(57.879)



FORECAST POSITION

- The current year end forecast of £55.975m is based on a number of assumptions which are relevant at this point in time
- Delivery of this position is reliant on all actions within the Financial Recovery Plan being achieved
- Progress against the CIP continues to present a risk to delivery of this position.
- The best case scenario is delivery of the revised target of an overspend of £55.800m
- Should no further savings be delivered this FY there is the potential that NHS Highland would be overspent by £81.938m by financial year end
- The likely position is assuming savings are delivered as per estimates within the Horizon 1 tracker, expenditure run rate is in line with best case scenario and that the recovery plan delivers in full
- There have been no significant movements in the projection to year end during Month 8 with the reduction in savings forecast being mitigated by the actions of the Financial Recovery Plan

The “15 Box Grid”

Discovery
Champions

Discovery &
Objective Connect
Engagement

New Power BI
Benchmarking

4 Nations
Meetings

NHS England
Corporate Services
Transformation
Programme

Medical Workforce
Sustainability
Group

HFMA 4 Nations
Exchange
Programme

SUSTAINABILITY & VALUE

- The November Financial Improvement Group Newsletter focussed on 8 themes.
- The blue boxes are areas where we are using Scotland wide information to identify outliers to standard cost and performance metrics. Moving to ‘best in class’ will generate efficiencies.
- The red boxes are where we are collaborating with other health systems to share best practice and identify further areas where improvements could be made
- The “15 Box Grid” as identified 15 national priorities to improve financial sustainability and support the 3% savings target.
- The Medical Workforce Sustainability Group has been created to tackle locum reliance across NHS Scotland.

MONTH 8 2023/2024 – NOVEMBER 2023



Plan £000's	Funding Received £000's	Summary Funding & Expenditure	Actual to Date £000	Bal to Spend £000
		Project Specific Schemes		
880		Radiotherapy Equipment	-	880
500		NTC (H)	612	(112)
2,400		Belford Hospital replacement	950	1,450
1,500		Caithness redesign project	1,332	168
2,500		Grantown HC upgrade	597	1,903
2,820		Broadford HC extension	-	2,820
		Other Centrally Provided Capital Funding		
2,650		Raigmore Maternity capacity	460	2,190
60		Cowal Community Hospital GP relocation	(2)	62
1,350		Raigmore car park project	2,248	(898)
500		Laundry Water Filtration Equip	403	97
50		Raigmore oncology unit	-	50
860	860	EV charging points - NSHS wide	438	422
1,250		Backlog maintenance additional funding	980	270
783	783	National Infrastructure Equipment Funding (NIB)	-	783
10	10	Greenspace Raigmore Gardens		
5	5	NSD Capital Allocation		
18,118	1,658		8,018	10,085
		Formula Allocation		
827	827	PFI Lifecycle Costs	569	258
2,010	2,010	Equipment Purchase Advisory Group (EPAG)	1,398	612
2,350	2,350	Estates Capital Allocation	2,815	(465)
1,500	1,500	eHealth Capital Allocation	646	854
260	260	Minor Capital Group	-	260
		Other	(22)	22
6,947	6,947		5,405	1,542
25,065	8,605	Capital Expenditure	13,424	11,627

CAPITAL

- Capital programme of £25.065m planned
- Allocations of £8.605m received to date
- Main areas of spend to date are:

Project	Spend to end Sept 2023
Belford Hospital Replacement	£0.950m
Estates Backlog Maintenance	£3.795m
Equipment Purchase	£1.398m
Raigmore Car Park	£2.248m
Caithness redesign project	£1.332m

2024/2025 BUDGET NHS HIGHLAND IMPACT



REVENUE

- Budget Has been uplifted in respect of 2023/2024 pay awards and the sustainability and NRAC funding provided in the early part of the financial year
- No baseline uplift has been provided within the 2024/2025 budget allocations
- There is currently no provision within the allocation for the impact of 2024/2025 pay uplifts – this will be revisited by the Scottish Government following the outcome of pay negotiations
- Funding allocations ensure no Territorial Board is further than 0.6% from parity – NHS Highland is currently 0.6% distant from parity
- Additional funding will be provided in respect of:
 - Vaccinations staffing & delivery
 - Test & Protect activities including regional testing facilities
 - Additional PPE requirements and
 - Some specific Public Health measures
- Further funding aligned to policy commitments and recovery of health and social care services still to be confirmed
- NHS Highland's baseline allocation for 2024/2025 is £807.1m

2024/2025 BUDGET NHS HIGHLAND IMPACT



CAPITAL

- Overall budget reduction of £59m – reducing from £373m to £314m
- Formula capital to be maintained at 2023/2024 levels – NHS Highland’s allocation is £6.947m
- Funding will be provide to allow all major projects in construction to complete along with support for national replacement programmes for ambulances and radiotherapy equipment
- No further capital allocations have been confirmed

NEXT STEPS

- Work is ongoing on the first draft of the 2024/2025 – 2026/2027 financial plan
- This is due for submission on 29 January 2024 with the final version due on 11 March 2024
- Work on the ASC element of the plan is further ahead with an initial plan being shared with Highland Council

2024/2025 BUDGET - ASC



2024/2025 Estimate at M7

	£m		£m		£m
Estimated Expenditure	177.977	Quantum	131.729	Emerging Gap	22.795
		NHS Highland/SG	32.725		
Inflation/ Activity/ Pay Award Uplifts	9.273				
	<u>187.249</u>		<u>164.454</u>		

2024/2025 Estimate at M7

	£m		£m		£m
Estimated Expenditure	177.977	Quantum	131.729	Emerging Gap	23.913
		NHS Highland/SG	32.725		
Inflation/ Activity/ Pay Award Uplifts	10.390				
	<u>188.367</u>		<u>164.454</u>		

- All reserves held by Highland Council for ASC will have been exhausted by the end of the 2023/2024 financial year
- The scenarios presented have been based on 2 sets of initial assumptions
- At this stage a funding gap in the region of £22.795m to £23.913m is estimated
- This draft plan will be revisited alongside the development of the NHS Highland financial plan