

NHS Highland



Meeting: NHS Highland Board Meeting
Meeting date: 29 March 2022
Title: Finance Report – Month 11 2021/2022
Responsible Executive/Non-Executive: David Garden, 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 aligns to the following NHSScotland quality ambition:

- Effective

This report relates to the following Corporate Objective(s)

Clinical and Care Excellence <ul style="list-style-type: none"> • Improving health • Keeping you safe • Innovating our care 		Partners in Care <ul style="list-style-type: none"> • Working in partnership • Listening and responding • Communicating well 	√
A Great Place to Work <ul style="list-style-type: none"> • Growing talent • Leading by example • Being inclusive • Learning from experience • Improving wellbeing 		Safe and Sustainable <ul style="list-style-type: none"> • Protecting our environment • In control • Well run 	√ √
Other (please explain below)			

2 Report summary

2.1 Situation

This report is presented to enable discussion on the NHS Highland financial position at Month 11 2021/2022 (February).

2.2 Background

NHS Highland submitted a balanced financial plan to Scottish Government for the 2021/2022 financial year in March 2021 and this plan was approved by the Board in May 2021. A savings requirement of £32.900m was identified to deliver balance in year. This report summarises the position at Month 11, provides a forecast through to the end of the financial year and highlights the current funding position with regards to costs linked to the ongoing response to the pandemic and ongoing service pressures.

2.3 Assessment

For the period to end February 2022 (Month 11) an overspend of £3.553m is reported. This overspend is forecast to increase to £3.559m by the end of the financial year. This is a significant positive movement from the position reported last month and reflects the application of funding to cover slippage on savings. This position represents business as usual operational activity. However, funding has been received to enable financial balance – the overall position is breakeven.

2.4 Proposed level of Assurance

This report proposes the following level of assurance:

Full	<input type="checkbox"/>	Substantial	<input type="checkbox"/>	Moderate	<input checked="" type="checkbox"/>
Limited	<input type="checkbox"/>	None	<input type="checkbox"/>	Not yet assessed	<input type="checkbox"/>

3 Impact Analysis

3.1 Quality/ Patient Care

Achievement of a balanced financial position for 2021/2022 was predicated on achievement of savings of £32.900m. 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 QIA which can be accessed from the Programme Management Office.

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 Quality Impact Assessment tool the impact of savings on these areas is assessed.

3.3 Financial

Scottish Government have confirmed that a funding package is in place to enable delivery of a breakeven position in 2021/2022.

3.4 Risk Assessment/Management

Confirmation of the funding package referenced in paragraph 2.3 mitigates the risk of non-delivery of a balanced financial position for 2021/2022.

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
- Financial Recovery Board held weekly
- Quarterly 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

4 Recommendation

- **Discussion** – Examine and consider the implications of a matter.

4.1 List of appendices

The following appendices are included with this report:

- Appendix No 1 – Capital Expenditure at Month 11

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1 Financial Plan

- 1.1 The Financial Plan for 2021/2022 was submitted to Scottish Government in March 2021 and approved by the Board in May 2021. A single year plan was submitted recognising the ongoing uncertainty around Covid. No brokerage requirement was identified but savings of £32.900m were required to be delivered to enable financial balance in 2021/2022.
- 1.2 Financial reporting submissions to Scottish Government to date have been on a quarterly basis with detailed returns submitted at the end of quarters 1, 2 & 3. These submissions have informed the allocation of covid related funding.

2. Financial Position YTD & Forecast

- 2.1 For the eleven months to the end of February 2022 NHS Highland has overspent against the year to date budget by £3.553m and is forecasting an overspend of £3.559m at financial year end. This is a significant movement from the position reported at month 10 and reflects application of funding to cover slippage against the £32.900m savings target of £10.690m.
- 2.2 The position reported relates to business as usual operational activity but the funding package received at the beginning of February will enable a breakeven position to be delivered at year end.
- 2.3 A breakdown of the year to date position and the year-end forecast is detailed in Table 1.

Table 1 – Summary Income and Expenditure Report as February 2022

Current Plan £m	Summary Funding & Expenditure	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
1,094.897	Total Funding	927.057	927.057	-	1,094.897	-
	Expenditure					
417.259	HHSCP	379.701	380.754	(1.054)	417.136	0.123
248.887	Acute Services	228.102	231.034	(2.932)	252.865	(3.977)
184.145	Support Services	107.340	107.132	0.208	183.849	0.295
850.291	Sub Total	715.143	718.920	(3.777)	853.850	(3.559)
244.606	Argyll & Bute	208.361	208.137	0.224	244.606	-
1,094.897	Total Expenditure	923.504	927.057	(3.553)	1,098.456	(3.559)
	Surplus/(Deficit) Mth 11					(3.559)
	Funding Support from SG to deliver breakeven					3.559
	Forecast year end position					-

- 2.4 Within the Highland Health and Social Care Partnership a year to date overspend of £1.054m – it is forecast that this position will move to a £0.123m underspend by financial year end with the application of additional funding received from Scottish Government.
- 2.5 The pressure within FME Services remains at £1.190m with locums engaged to deliver this service through to financial year end. A Business Case has recently been approved – dependent on progress with recruitment this pressure will not continue into 2022/2023.
- 2.6 Significant service pressures remain within Acute Services, however, the position has improved since month 10 with expenditure reducing over multiple areas. A year to date overspend of £2.932m is reported with this forecast to increase to £3.977m by financial year end.
- 2.7 £2.310 m of this forecast overspend sits within Raigmore with drug spend and locum costs to enable ongoing delivery of services continuing to drive this position. The RGHs are forecasting an overspend of £1.667m with this being driven by the same pressures as Raigmore. The use of locums and agency staff to deliver services and the need to maintain staffing levels within all sites continues to impact on both the year to date and forecast position.
- 2.8 Support Services are reporting a year to date overspend of £0.208m with a forecast overspend of £0.295m by year end. This position is driven by an overspend within Tertiary expenditure

3 Financial Sustainability

- 3.1 The Financial Plan presented to the Board in May highlighted the requirement for £32.900m of cash efficiency savings to support financial balance in 2021/2022. Slippage of £10.690m is anticipated against this target but has been funded as part of the SG savings package.

3.2 Table 2 provides a summary of the savings position at month 11 – this reflects the application of SG funding to coverage slippage on the cost improvement programme.

Table 2 Savings at Month 11

	Target £000s	YTD Target £000s	Achieved YTD £000s	Variance £000s
PMO				
Workstreams NH	16,500	14,025	14,025	-
Workstreams A&B	824	755	755	-
Housekeeping NH	6,500	6,163	6,162	(1)
Housekeeping Argyll & Bute	4,238	3,885	2,324	(1,561)
Total PMO	28,062	24,829	23,267	(1,562)
Central				
Non Recurrent Savings	4,838	4,112	4,112	-
Total Savings M11	32,900	28,941	27,379	(1,562)

4 Financial Risk

4.1 The following risks were identified in the financial plan submission to Scottish Government.

- Covid-19 costs and funding – the plan assumed that Covid-19 related costs would be funded in full. Scottish Government have now confirmed that funding will be made available to enable all NHS Boards to deliver in-year financial balance. A Q3 return was submitted to SG at the end of January. Confirmation of a funding package was received in mid February which supports delivery of a break even position by financial year end.
- Delivery of cost improvement targets – the target of £32.900m is significant and there is a risk associated with delivery. Slippage of £10.690m is currently being forecast but confirmation of funding to cover this has now been received.
- Recurrent remobilisation costs of £19.100m were identified within the plan – associated costs have been funded as part of the package to deliver financial balance.
- Argyll & Bute’s SLA with Greater Glasgow and Clyde – this issue has been resolved for 2021/2022 but the position will be kept under review as NHS GGC are developing a revised SLA model.
- Adult Social Care funding - a funding package is in place for 2021/2022 and a £3.000m savings programme and additional SG allocations will bridge the gap in 2022/2023.
- No financial provision has been built into the plan to tackle increased waiting lists.

5 Capital

5.1 Total anticipated Capital Funding for NHS Highland for 2021/2022 is £65.513m.

5.2 Details of the expenditure position across all projects are set out in Appendix 1. To date expenditure of £37.533m has been incurred.

5.3 The main areas of investment to date include:

Project	Spend to end November 2021
New Skye & B&S Hospitals	£15.284m
National Treatment Centre – Highland	£14.028m
Estates Backlog Maintenance	£2.481m
Equipment	£1.349m
E-health	£0.509m

5.4 At this stage of the financial year it is currently estimated that the Board will spend the revised Capital Resource Limit in full.

6 Recommendation

- Finance, Resources & Performance Committee members are invited to discuss the contents of the Month 11 Finance Report.

Capital Expenditure at Month 11

Updated Plan £000's	Funding From SG £000's	Summary Funding & Expenditure	Actual to Date £000	Bal to Spend £000
		Capital Schemes		
3,579	3,579	Radiotherapy	96	3,483
22,800	22,800	National Treatment Centre (Highland)	14,028	8,772
14,908	14,908	Skye, B&S Hospital bundle	15,284	(376)
1,160	1,160	B&S and SL&WR Equipping	-	1,160
-	-	Grantown Health Centre Refurbishment	3	(3)
-	-	Portree/Broadford HC Spoke Reconfiguration	11	(11)
-	-	Increased Maternity Capacity - Raigmore	-	-
-	-	Community Midwifery Unit	-	-
59	59	Additional VIE	59	-
500	500	Raigmore Fire Compartmentation upgrade	-	500
700	700	Raigmore Lift Replacement	535	165
100	100	Belford Hospital Replacement Fort William.	164	(64)
500	500	Cowal Community Hospital GP relocation	71	429
-	-	Raigmore Main Entrance Improvements	-	-
-	-	LIDGH Boiler replacement	-	-
-	-	Lochgilphead Increased Pharmacy capacity	-	-
50	250	Inverness GP short term building requirements	-	250
600	600	Home Farm Works	123	477
250	250	Campbeltown Boiler Replacement	7	243
1,000	1,000	Raigmore Car Park Project	-	1,000
4,770	4,770	Additional Estates backlog Projects	839	3,931
1,200	1,200	Wifi network Installation Project	61	1,139
57	57	New Craigs PFI	-	57
1,545	1,545	Further Equipment Funding	-	1,545
78	78	Raigmore Theatre C-Arm	90	(12)
31	31	Insufflator with RAS purchase	-	31
88	88	Dental Equipment	-	88
9	9	National Services Division Equipment	-	9
227	83	Switched on Fleet funding	100	(18)
516	516	Laundry Support	516	-
726	726	Equipment Replacement - SSD	-	726
188	188	Endoscopy, Hysteroscopes & Diagnostics Scopes	-	188
-	12	RASATF - Colposcope	-	12
180	180	VR Simulator	-	180
2,387	2,387	Additional Scope Funding	-	2,387
-	167	Ophthalmology	-	167
-	125	Pathology	-	125
-	329	Eyecare - Argyll & Bute	-	329
58,207	58,897		31,987	26,909
		Formula Allocation		
780	780	PFI Lifecycle Costs	691	89
2,500	2,500	Estates Backlog Maintenance	2,481	19
830	830	eHealth Ongoing Approved Projects	509	321
614	614	Radiology Ongoing Approved Projects	323	291
1,520	1,520	Equipment Management Group	1,349	171
250	250	Minor Capital Group	-	250
122	122	AMG Contingency	177	(55)
		Other	15	(15)
6,616	6,616		5,546	1,070
64,823	65,513	Capital Expenditure	37,533	27,980