

NHS Highland



Meeting: NHS Highland Board

Meeting date: 26 March 2024

Title: Finance Report – Month 10 2023/2024 and 2024/2025 Budget update

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 10 2023/2024 (January 2024) and provides a summary position regarding the draft plan submission for 2024/2025.

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. Scottish Government provided additional funding and the Board is now looking to deliver a financial deficit of no more than £55.800m - further additional funding has now been made available to improve this position and this is reflected in the improved position reported. This report summarises the position at Month 10, provides a forecast through to the end of the financial year and highlights the current and ongoing service pressures.

For 2024/2025 the draft opening position for NHS Highland is a deficit position of £112.491m. The maximum brokerage that NHS Highland can request for the year 2024/2025 has been capped at £28.4m, leaving a financial gap of £84.091m.

Scottish Government has requested a financial plan that highlights the actions that would need to be taken to deliver the £84.091m of Cost Improvements and reductions.

Information has been provided as to the breakdown of this target and the methodology proposed to address the financial challenge.

The opening financial gap includes and assessment of the Adult Social Care position which is estimated to be £16.252m relating to forecast costs increases, pay awards and demand increase. There is a potential that this will increase to £23.252m to reflect the proposed reduction of £7.000m agreed by Highland Council through the budget setting process. The proposed reduction has not been formally agreed but is included within the plan figures for prudence.

2.3 Assessment

For the period to end January 2024 (Month 10) an overspend of £50.704m is reported. This overspend is forecast to reduce to £39.055m by the end of the financial year following receipt of additional funding. The current forecast assumes slippage against the CIP of £15.855m.

For 2024/2025 there is a moderate level of confidence in delivering the Value & Efficiency workstreams, a low level of confidence in delivering a balanced position for Adult Social Care and a low level of confidence in delivering further choices/ actions.

2.4 Proposed level of Assurance

This report proposes the following level of assurance:

Substantial
Limited

X

Moderate
None

Moderate Assurance can be provided that NHS Highland will deliver the planned position for 2023/2024, however, this is still a substantial deficit position.

Limited assurance can be provided that NHS Highland can deliver the level of cost reductions required in 2024/2025 which is subject to ongoing discussion with Scottish Government.

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).

This cannot be confirmed for all potential actions required to deliver the 2024/2025 position at this time.

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.

The scale of the challenge has expanded Nationally for 2024/2025.

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 £39.055m. The forecast assumes slippage against the CIP of £15.855m – 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. There is a significant risk that NHS Highland cannot deliver the required financial position for 2024/2025.

3.5 Equality and Diversity, including health inequalities

An impact assessment has not been completed because it is not applicable at this time

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
- Finance, Resource and Performance Committee
- 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 and Performance Committee

4 Recommendation

Discussion – Examine and consider the implications of the matter.

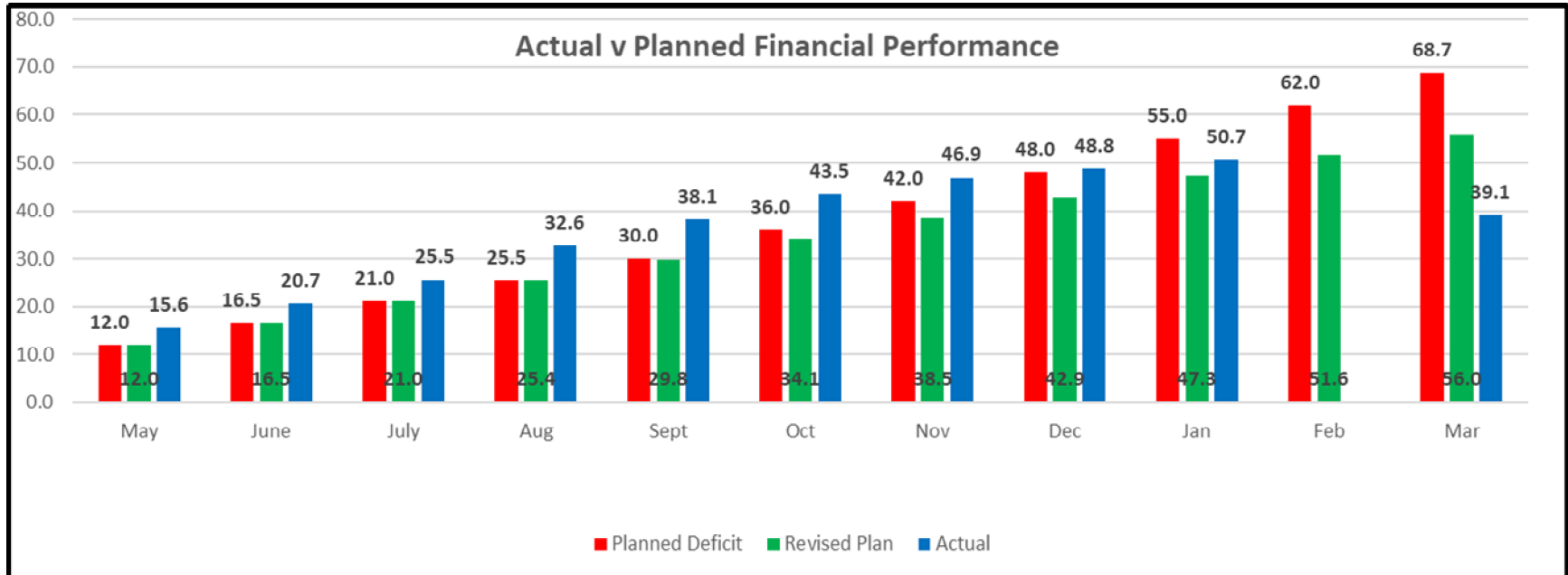
4.1 List of appendices

The following appendices are included with this report:

PowerPoint Presentation

Finance Report – Month 10 (January 2024) and 2024/24 budget update

MONTH 10 2023/2024 – JANUARY 2024



Target	YTD £m	Forecast £m
Delivery against Revenue Resource Limit (RRL) DEFICIT/ SURPLUS	50.7	39.1
Delivery against Financial Plan DEFICIT/ SURPLUS	4.3	29.6
Deliver against Cost Improvement target DEFICIT/ SURPLUS	14.3	15.9

Forecast year end deficit of £39.055m
 Forecast slippage against CIP £15.855m

MONTH 10 2023/2024 – JANUARY 2024

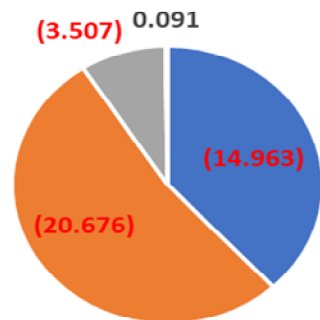


Current Plan £m	Current Budget £m	Summary Funding & Expenditure	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
1,163.211	1,163.211	Total Funding	951.713	951.713	-	1,163.211	-
		Expenditure					
450.867	452.760	HHSCP	374.695	387.906	(13.210)	467.723	(14.963)
310.154	296.997	Acute Services	246.380	264.383	(18.004)	317.673	(20.676)
207.487	149.145	Support Services	113.980	133.685	(19.705)	152.652	(3.507)
968.508	898.902	Sub Total	735.055	785.974	(50.919)	938.047	(39.146)
263.375	264.309	Argyll & Bute	216.658	216.442	0.216	264.218	0.091
1,231.883	1,163.211	Total Expenditure	951.713	1,002.416	(50.704)	1,202.265	(39.055)
(68.672)	-	Planned Deficit	-	-	-	-	
1,163.211		Total Expenditure					

MONTH 10 2023/2024 SUMMARY

- YTD overspend of £50.704m reported
- Forecast to reduce to £39.055m at end of the 2023/2024 FY – due to application of anticipated additional SG funding
- YTD position includes slippage against the CIP of £14.288m
- Cost improvements of £13.645m included within operational year end forecasts – slippage of £15.855m against the £29.500m plan
- Forecast is £29.617m better than that presented within the financial plan
- Forecast continues to assume support to balance the ASC forecast overspend

Forecast Deficit by Operational Area



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

KEY RISKS



- Supplementary staffing – reduction in spend not as anticipated. Still at a static level
- Prescribing & drugs costs – information now up to date but still a pressure area
- 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
- Support with ASC 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. Plus further benefit from UK consequential funding
- Financial Recovery Plan

MONTH 10 2023/2024 – JANUARY 2024



Summary Funding & Expenditure	Current Plan £m
RRL Funding - SGHSCD	
Baseline Funding	836.037
FHS GMS Allocation	80.529
Supplemental Allocations	56.210
Non Core Funding	-
Total Confirmed SGHSCD Funding	972.775
Anticipated funding	
Non Core allocations	70.772
Core allocations	(1.299)
Total Anticipated Allocations	69.473
Total SGHSCD RRL Funding	1,042.248
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	1,163.211

FUNDING

- Current funding £1,163.211m (increase of £1.968m from Month 9)
- £69.473m of allocations anticipated but not yet confirmed by Scottish Government
- £3.853m of net allocations received in Month 10 – majority in respect of Action 15 Mental Health Strategy Funding
- Awaiting allocations for NTC, brokerage, depreciation, IFRS 16 adjustments and a number of other smaller allocations

MONTH 10 2023/2024 – JANUARY 2024



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	HHSCP					
253.466	NH Communities	210.846	216.828	(5.982)	261.252	(7.785)
51.297	Mental Health Services	42.527	48.357	(5.830)	57.373	(6.076)
152.492	Primary Care	126.806	128.782	(1.975)	154.849	(2.357)
(4.496)	ASC Other includes ASC Income	(5.484)	(6.061)	0.577	(5.751)	1.255
452.760	Total HHSCP	374.695	387.906	(13.210)	467.723	(14.963)
	HHSCP					
278.283	Health	231.065	241.241	(10.176)	289.799	(11.516)
174.477	Social Care	143.630	146.665	(3.035)	177.924	(3.446)
452.760	Total HHSCP	374.695	387.906	(13.210)	467.723	(14.963)

	In Month £'000	YTD £'000
Locum	638	7,056
Agency	577	5,687
Bank	703	7,629
Total	1,918	20,373

HHSCP

- YTD overspend of £13.210m reported
- Forecast that this will increase to £14.963m by financial year end – deterioration of £0.288m from Month 9
- Slippage of £6.127mm against the CIP reported in the YTD position with £7.051m of slippage built into the year end forecast
- Continuing pressure with agency nursing and locum usage within Mental Health, in-house Care Homes and 2C practices - £20.373m incurred YTD
- A £2.300m prescribing pressure is forecast due to an increase in both the cost of drugs and volume of scripts being issued.

MONTH 10 2023/2024 – JANUARY 2024



Services Category	Annual Budget £000's	YTD Budget £000's	YTD Actual £000's	YTD Variance £000's	Outturn £000's	YE Variance £000's
Total Older People - Residential/Non Residential Care	58.647	48.531	47.777	0.755	57.277	1.370
Total Older People - Care at Home	34.330	28.640	30.342	(1.702)	36.257	(1.927)
Total People with a Learning Disability	41.636	34.709	36.542	(1.833)	44.361	(2.725)
Total People with a Mental Illness	8.276	6.881	6.911	(0.030)	8.226	0.051
Total People with a Physical Disability	8.334	6.953	7.147	(0.194)	9.199	(0.864)
Total Other Community Care	19.398	15.381	15.081	0.300	18.949	0.449
Total Support Services	4.379	2.970	3.830	(0.861)	4.779	(0.400)
Care Home Support/Sustainability Payments	-	-	(0.371)	0.371	(0.366)	0.366
Total Adult Social Care Services	175.001	144.067	147.260	(3.193)	178.682	(3.681)
Total ASC less Estates	174.477	143.630	146.665	(3.035)	177.924	(3.446)

Care Home	YTD Actual
Ach-an-eas	23
Bayview House	30
Caladh Sona	13
Grant House	71
Home Farm Portree	746
Invernevis House	32
Lochbroom House	25
Mackintosh Centre	3
Mains House Care Home	404
Melvich Centre	4
Pulteney House	12
Strathburn House	46
Telford Centre	17
Wade Centre	75
Grand Total	1,503

ADULT SOCIAL CARE

- Slippage of £2.718m on the CIP has been built into the year end forecast
- £1.503m expenditure on agency nursing incurred to date within NHS Highland care homes
- £1.501m 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
- Overall NHS Highland year end forecast continues to assume financial support in respect of the forecast overspend within ASC

MONTH 10 2023/2024 – JANUARY 2024



Current Plan £000	Division	Plan to Date £000	Actual to Date £000	Variance to Date £000	Forecast Outturn £000	Forecast Variance £000
79.278	Medical Division	66.136	73.470	(7.334)	87.660	(8.382)
21.560	Cancer Services	17.901	18.794	(0.893)	22.659	(1.100)
66.053	Surgical Specialties	55.008	58.491	(3.483)	69.722	(3.669)
35.826	Woman and Child	30.012	28.244	1.769	34.173	1.653
44.343	Clinical Support Division	36.773	35.958	0.815	43.212	1.131
(4.548)	Raigmore Senior Mgt & Central Cost	(4.187)	4.582	(8.769)	5.720	(10.268)
24.605	NTC Highland	19.806	19.054	0.753	23.435	1.171
267.117	Sub Total - Raigmore	221.451	238.593	(17.142)	286.581	(19.464)
14.415	Belford	12.034	12.309	(0.276)	14.766	(0.350)
15.464	CGH	12.895	13.481	(0.586)	16.326	(0.862)
296.997	Total for Acute	246.380	264.383	(18.004)	317.673	(20.676)

	In Month £'000	YTD £'000
Locum	942	9,255
Agency	506	8,513
Bank	562	5,881
Total	2,010	23,649

ACUTE

- £18.004m overspend reported year to date
- Forecast that this will increase to £20.676m by financial year end – an improvement of £0.231m from Month 9
- £5.185m slippage against CIP reported in YTD position – slippage of £6.207m included within the year end forecast.
- The forecast includes approx. £11.723m of costs likely to be incurred as a result of patients not being within the correct care setting

MONTH 10 2023/2024 – JANUARY 2024



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	Support Services					
14.789	Central Services	13.230	13.679	(0.449)	(5.551)	20.340
(8.645)	Central Reserves	(17.586)	-	(17.586)	13.714	(22.359)
48.732	Corporate Services	39.605	37.502	2.103	45.676	3.057
52.043	Estates Facilities & Capital Planning	43.254	44.763	(1.509)	53.900	(1.857)
16.156	eHealth	13.752	14.108	(0.357)	16.336	(0.180)
26.070	Tertiary	21.725	23.632	(1.907)	28.577	(2.507)
149.145	Total	113.980	133.685	(19.705)	152.652	(3.507)

	In Month £'000	YTD £'000
Locum	3	56
Agency	52	700
Bank	212	1,871
Total	267	2,627

SUPPORT SERVICES

- £19.705m overspend reported year to date with this forecast to reduce to £3.507m by financial year end – this reduction reflects anticipated additional funding from SG following additional consequentials from UK Govt
- Within Corporate Services vacancies within a number of teams and additional Medical Education funding continue to drive the underspend
- Previously identified pressures relating to the SLA uplift and specific issues relating to cardiac, forensic psychiatry, rheumatology drugs and non-contracted activity outwith Scotland continue to drive the forecast overspend within Tertiary
- Ongoing 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 – continue to drive the forecast overspend within Estates

MONTH 10 2023/2024 – JANUARY 2024



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					
129.531	Hospital & Community Services	107.503	106.808	0.695	128.751	0.780
39.680	Acute & Complex Care	33.107	33.675	(0.568)	40.476	(0.796)
10.251	Children & Families	8.529	8.608	(0.079)	10.251	-
38.636	Primary Care inc NCL	32.555	32.259	0.296	38.486	0.150
22.436	Prescribing	18.619	20.458	(1.839)	24.616	(2.180)
11.398	Estates	9.438	9.805	(0.367)	11.884	(0.486)
5.801	Management Services	4.733	4.507	0.226	5.578	0.223
6.576	Central/Public health	2.174	0.323	1.851	4.176	2.400
264.309	Total Argyll & Bute	216.658	216.442	0.216	264.218	0.091

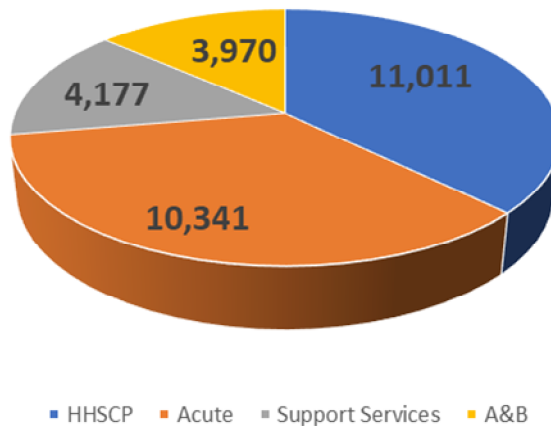
	In Month £'000	YTD £'000
Locum	588	5,273
Agency	307	3,419
Bank	212	2,219
Total	1,108	10,910

ARGYLL & BUTE

- YTD underspend of £0.216m reported with a forecast underspend of £0.091m at year end projected
- The YTD position includes £1.105m of slippage against the CIP.
- It is anticipated that cost improvements/ reductions of £2.967m will be delivered in year – full year slippage of £1.004m
- £10.910m expenditure on supplementary staffing by end of Month 10
- £2.180m of a pressure relating to prescribing has been built into the forecast position

MONTH 10 2023/2024 – JANUARY 2024

Cost Improvement Plan £000s



COST IMPROVEMENT

- £29.500m CIP programme planned
- At the end of Month 10 slippage of £14.288m against the CIP is reported
- Cost improvements of £13.645m are built into the year end forecast for operational areas, which is under-delivery of £15.855m against the target
- There continues to be an ongoing risk around non delivery of cost improvements/ reductions

	Target £000s	Forecast Savings £000s	Variance £000s
HHSCP	11,011	3,960	(7,051)
Acute	10,341	4,135	(6,207)
Support Services	4,177	2,584	(1,593)
A&B	3,970	2,967	(1,004)
Total Forecast Savings	29,500	13,645	(15,855)

CIP ASSURANCE OF PROGRESS – AS AT 23 FEBRUARY 2024



Assurance of Progress as at WE 23-02-2024

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	858	33%	7	865	-1,742	33%	4	16	25%
Surgical	2,164	1,323	61%	-44	1,280	-884	59%	0	6	0%
Women & Child	1,112	560	50%	3	563	-549	51%	0	4	0%
Rural General Hospitals	960	230	24%	-4	226	-734	24%	3	7	43%
Clinical Support	1,464	407	28%	-21	386	-1,078	26%	0	10	0%
NTC	860	523	61%	0	523	-337	61%	0	1	0%
Cancer	688	-	0%	126	126	-563	18%	0	3	0%
Acute Central	240	233	97%	0	233	-7	97%	0	4	0%
Acute Sub-Total	10,341	4,135	40%	66	4,201	-6,140	41%	7	51	14%
HHSCP										
Mental Health	930	450	48%	50	500	-430	54%	0	4	0%
N. Highland Community Services & Primary Care	5,617	1,962	35%	137	2,099	-3,518	37%	0	22	0%
HHSCP-Health Unallocated	352	0	0%	0	0	-352	0%	0	0	
Adult social care	4,113	1,395	34%	0	1,395	-2,718	34%	0	3	0%
Unit-wide										
HHSCP Sub-Total	11,012	3,807	35%	187	3,994	-7,018	36%	0	29	0%
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%	0	2	0%
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%	11	16	69%
Central	794	794	100%	0	794	0	100%	0	1	0%
Support Services Sub-Total	4,177	2,160	52%	508	2,668	-1,509	64%	11	40	28%
A&B IJB	3,970	2,645	67%	631	3,276	-695	83%	9	43	21%
A&B IJB Sub-Total	3,970	2,645	67%	631	3,276	-695	83%	9	43	21%
Grand Total	29,500	12,747	43%	1,392	14,138	-15,362	48%	27	163	17%

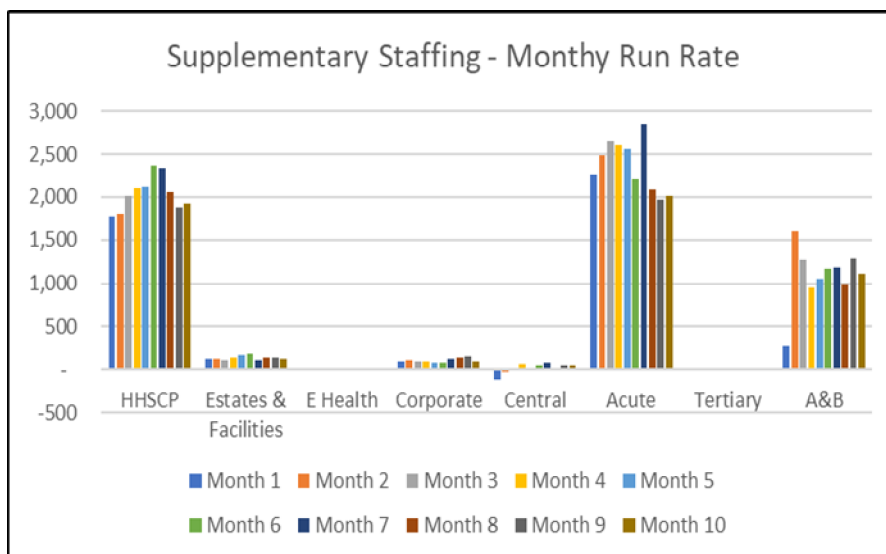
MONTH 10 2023/2024 – JANUARY 2024



	2023/2024 YTD £'000	3 YTD £'000	Inc/ (Dec) YTD £'000
HHSCP	20,373	15,402	4,971
Estates & Facilities	1,348	1,230	119
E Health	10	1.99	8
Corporate	1,068	1,099	(31)
Central	200	(219)	419
Acute	23,649	21,871	1,778
Tertiary	1	2	-
Argyll & Bute	10,910	8,988	1,922
TOTAL	57,559	48,375	9,185

SUPPLEMENTARY STAFFING

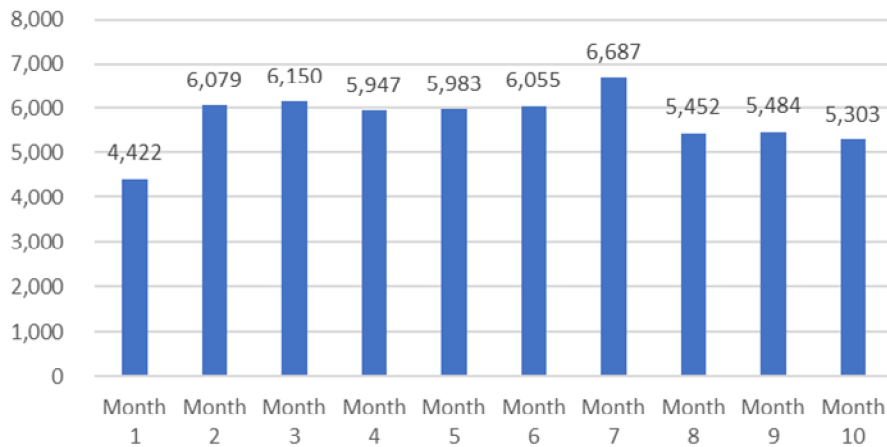
- Total spend on Supplementary Staffing at Month 10 is £57.559m – overspend on pay costs at Month 10 is £3.430m
- 2023/2024 spend at Month 10 is £9.185m higher than the same period in 2022/2023



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
118.550	Pay	98.409	103.299	(4.890)
6.512	Medical & Dental	5.417	6.712	(1.296)
209.166	Medical & Dental Support	173.473	178.502	(5.029)
40.242	Nursing & Midwifery	33.473	31.606	1.867
16.053	Allied Health Professionals	13.266	13.488	(0.222)
23.113	Healthcare Sciences	18.904	17.272	1.632
44.461	Other Therapeutic	37.087	36.123	0.964
82.832	Support Services	68.939	67.678	1.261
3.427	Admin & Clerical	2.862	2.492	0.370
55.911	Senior Managers	46.093	43.716	2.377
(0.741)	Social Care	(0.991)	(0.526)	(0.465)
	Vacancy factor/pay savings			
599.526	Total Pay	496.931	500.361	(3.430)

MONTH 10 2023/2024 – JANUARY 2024

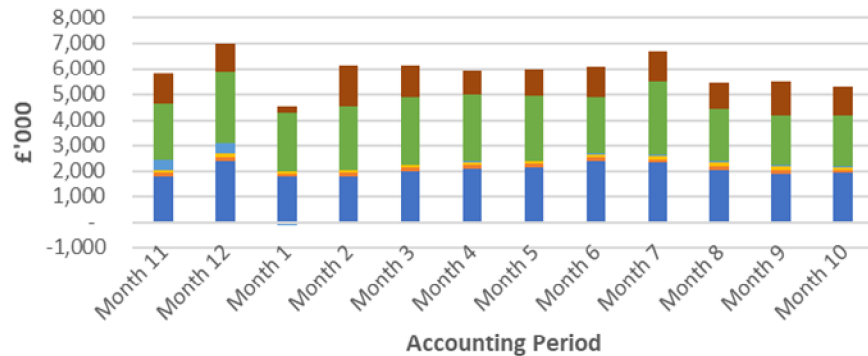
Supplementary Staffing Total Spend 2023/2024



SUPPLEMENTARY STAFFING

- Total Spend in Month 10 is £0.181m lower than Month 9
- Spend still not decelerating at the rate anticipated at the start of the financial year

Supplementary Staffing Jan 23 - Dec 23



■ HHSCP ■ Estates & Facilities ■ E Health ■ Corporate
■ Central ■ Acute ■ Tertiary ■ A&B

MONTH 10 2023/2024 – JANUARY 2024



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	Expenditure by Subjective spend			
599.526	Pay	496.931	500.361	(3.430)
124.817	Drugs and prescribing	104.163	109.785	(5.622)
59.492	Property Costs	48.672	51.889	(3.217)
44.462	General Non Pay	35.669	37.888	(2.219)
53.356	Clinical Non pay	44.906	48.211	(3.305)
150.766	Health care - SLA and out of area	126.752	127.496	(0.743)
124.598	Social Care ISC	103.932	109.821	(5.889)
110.078	FHS	91.069	89.783	1.286

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	Drugs and prescribing			
50.599	Hospital drugs	42.355	43.796	(1.442)
74.217	Prescribing	61.809	65.989	(4.180)
124.817	Total	104.163	109.785	(5.622)

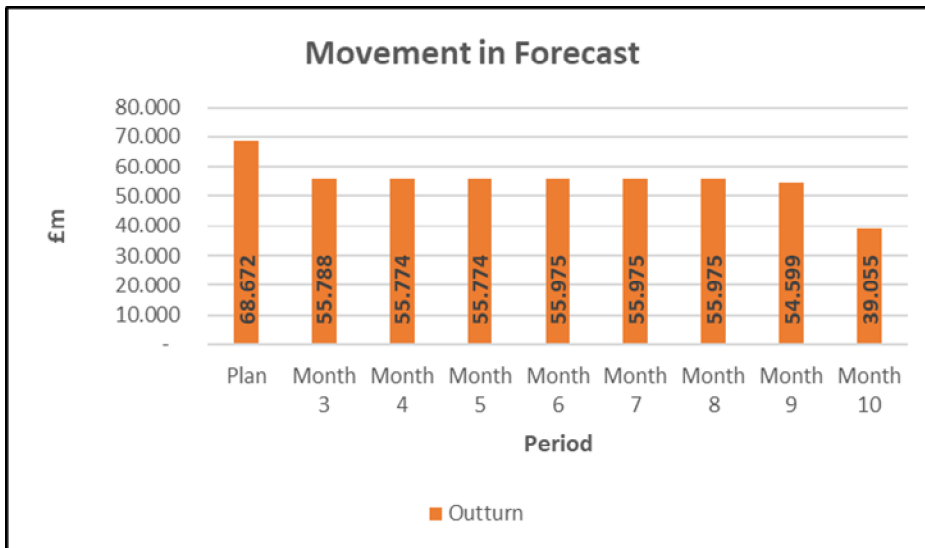
SUBJECTIVE ANALYSIS

- There are currently pressures within all expenditure categories
- Within Drugs and prescribing this is split £1.442m within hospital drugs and £4.180m 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 10 2023/2024 – JANUARY 2024



	Operational Delivery	Savings Delivered	Forecast Position
Best Case	(52 .700)	14.138	(38 .562)
Worst Case	(54 .281)	10.295	(43 .986)
Likely	(52 .700)	13.645	(39 .055)



FORECAST POSITION

- The current year end forecast of £39.055m is based on a number of assumptions which are relevant at this point in time
- Delivery of actions within the Financial Recovery Plan will support this position – including support with the ASC overspend
- Progress against the CIP continues to present a risk to delivery of this position.
- The best case scenario is delivery of the an overspend of £38.562m
- Should no further savings be delivered this FY there is the potential that NHS Highland would be overspent by £43.986m by financial year end
- The likely position is the current forecast position taking currently known factors into account

Discovery

Finance Team
Benchmarking

December
Benchmarking

FIG Self
Assessment

Procedures of
Low Clinical
Value

Medicines of
Low Clinical
Value

CHOICES

Cost Book
Data

4 Nations FIN

SUSTAINABILITY & VALUE

- The January Financial Improvement Group Newsletter focussed on 9 areas
- Main elements
 - Emphasis on using Discovery for benchmarking to support cost reduction
 - FIG Self Assessment
 - DoFs work on CHOICES
 - Benchmarking
 - Finance Teams
 - December exercise
 - Cost Book Data
 - 4 Nations FIN
- Provided an update on work on Procedures & Medicines of Low Clinical Value

MONTH 10 2023/2024 – JANUARY 2024



Plan £000's	Funding Received £000's	Summary Funding & Expenditure	Actual to Date £000	Bal to Spend £000
		Project Specific Schemes		
880		Radiotherapy Equipment	0	880
500		NTC (H)	599	(99)
2,400		Belford Hospital replacement	1,247	1,153
1,500		Caithness redesign project	1,884	(384)
2,500		Grantown HC upgrade	1,196	1,304
2,820		Broadford HC extension	0	2,820
		Other Centrally Provided Capital Funding		
2,650		Raigmore Maternity capacity	1,208	1,442
60		Cowal Community Hospital GP relocation	(2)	62
1,350		Raigmore car park project	3,065	(1,715)
500		Laundry Water Filtration Equip	403	97
50		Raigmore oncology unit	0	50
860	860	EV charging points - NHSH wide	438	422
1,250		Backlog maintenance additional funding	1,147	103
783	783	National Infrastructure Equipment Funding (NIB)	0	783
10	10	Greenspace Raigmore Gardens		
5	5	NSD Capital Allocation		
18,118	1,658		11,185	6,918
		Formula Allocation		
827	827	PFI Lifecycle Costs	711	116
2,010	2,010	Equipment Purchase Advisory Group (EPAG)	1,886	124
2,350	2,350	Estates Capital Allocation	3,163	(813)
1,500	1,500	eHealth Capital Allocation	647	853
260	260	Minor Capital Group	0	260
		Other	(22)	22
6,947	6,947		6,386	561
25,065	8,605	Capital Expenditure	17,571	7,480

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	£1.247m
Estates Backlog Maintenance	£4.310m
Equipment Purchase	£1.886m
Raigmore Car Park	£3.065m
Caithness redesign project	£1.884m

2024/2025 DRAFT BUDGET



	£m	£m
Financial Gap		112.491
Maximum Brokerage		28.400
COST REDUCTIONS/ IMPROVEMENTS TO BE IDENTIFIED		84.091
<i>Cost Improvement/ Reduction Programmes</i>		
Value & Efficiency 3%	21.711	
A&B Savings - identified	6.217	
ASC	23.252	
		51.180
Choices/ Actions		
A&B	2.717	
NH	30.194	
		32.911
Potential opportunities		84.091

2024/2025 DRAFT BUDGET – DECISION MAKING PROCESS



Decision Making across NHS Highland

MAKING BEST USE OF OUR RESOURCES

VALUE & EFFICIENCY

In year changes that will improve value and efficiency of the way we use resources in our system

Value & Efficiency Accountability Group

Senior leadership held accountable for delivery of agreed task and finish areas along with Integrated Service Planning

Decision Making Level 1-3

STRATEGIC DESIGN

Change programme achieving long term sustainable transformation

Strategic Transformation and Assurance Group with Board Assurance

Full programme management of long term change with regular assurance provided to Board at key stages of decision making

Decision Making Levels 4 and 5

CHOICES

EMERGENCY ACTIONS

Prioritised choices and decisions that are made to achieve sustainability in the current year

Executive Directors Group with NNSH Board

Triage of these depending on levels of value and efficiency achieved with critical decision going to NHS Board for awareness. These will follow an agreed communications approach

Any Level