



Meeting: Highland Health & Social Care Committee
Meeting date: 11 January 2023
Title: HHSCC Finance Report – Month 8 2022/2023
Responsible Executive/Non-Executive: Louise Bussell, Chief Officer, Highland Community
Report Author: Elaine Ward, Deputy Director of Finance

1 Purpose

This is presented to the Committee for:

- Discussion

This report relates to a:

- Annual Operating 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 Highland Health & Social Care Partnership financial position at Month 8 2022/2023 (November).

2.2 Background

NHS Highland submitted a financial plan to Scottish Government for the 2022/2023 financial year in March 2022 and this plan was approved by the Board in May 2022. This plan identified an initial budget gap of £42.272m. A savings programme of £26.000m was planned - £3.000m of this being related to Adult Social Care. No funding source was identified to close the residual gap of £16.272m. This report summarises the NHS Highland financial position at Month 8, the Highland Health & Social Care Partnership financial position at Month 8, provides a forecast through to the end of the financial year and highlights the current savings position.

2.3 Assessment

The HHSCP continues to face significant financial challenges with a requirement to identify significant savings and cost reductions. This challenge comes against the backdrop of a Scottish Government drive to increase investment in Adult Social Care, the development of the National Care Service and the fragility of service provision due to recruitment challenges and rising costs.

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"/>

3 Impact Analysis

3.1 Quality/ Patient Care

Achievement of a balanced financial position for NHS Highland in 2022/2023 is predicated on closing the initial budget cap of £42.272m. The impact on quality of care and delivery of services is assessed at an individual scheme level using a Quality Impact Assessment tool.

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

Delivery of a balanced position presents a significant challenge to both NHS Highland and the Highland Health and Social Care Partnership.

3.4 Risk Assessment/Management

Scottish Government's covid funding package mitigated against the risk of not achieving a balanced budget position in 2021/2022. For 2022/2023 the expectation of Scottish Government is that all Boards will deliver at least the position set out in their financial plan. For NHS Highland this means delivering a financial position no more than £16.272m over

budget. A recovery plan has been developed and the mitigating actions within it are being monitored.

3.5 Data Protection

N/A

3.6 Equality and Diversity, including health inequalities

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

3.7 Other impacts

None

3.8 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
- Discussion at relevant Senior Leadership Team meetings
- Quarterly financial reporting to Scottish Government

3.9 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.

- Community SLT meetings

4 Recommendation

- **Discussion** – Committee discuss the Highland Health and Social Partnership financial position at month 8.

.1 List of appendices

- Appendix 1 – Adult Social Care Summary

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1 NHS Highland 2022/2023 Financial Plan

- 1.1 A one year Financial Plan for 2022/2023 was submitted to Scottish Government in March 2022. A further revision was submitted in July 2022, updated based on the quarter 1 position.
- 1.2 The Financial Plan submitted identifies an initial budget gap of £42.272m with a CIP programme of £26.000m – £3.000m relating to Adult Social Care - planned. This left a balance of £16.272m unfunded.
- 1.3 Following submission of the quarter 1 financial return to SG and follow up discussions Richard McCallum wrote to NHS Highland highlighting the expectation that, as a very minimum, NHS Highland would deliver the position set out within the 2022/2023 financial plan. This means delivering a financial position no more than £16.272m over budget. A recovery plan has been developed and the mitigating actions within it are being monitored.

2 NHS Highland – Period 8

- 2.1 For the eight months to the end of November 2022 NHS Highland has overspent against the year to date budget by £23.692m and is forecasting an overspend of £40.511m at financial year end.
- 2.2 The year to date position includes slippage against the CIP of £11.030m with slippage of £16.714m forecast through to year end.
- 2.3 A breakdown of the year to date position and the year-end forecast is detailed in Table 1.

Table 1 – NHS Highland Summary Income and Expenditure Report as at 30 November 2022 (Month 8)

Current Plan £m	Summary Funding & Expenditure	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
1,087.576	Total Funding	687.724	687.724	-	1,087.576	-
	Expenditure					
406.409	HHSCP	271.904	277.807	(5.903)	417.972	(11.563)
246.988	Acute Services	167.401	184.912	(17.511)	274.743	(27.754)
200.140	Support Services	93.692	93.723	(0.031)	200.934	(0.794)
853.537	Sub Total	532.996	556.441	(23.445)	893.649	(40.111)
234.038	Argyll & Bute	154.728	154.975	(0.248)	234.438	(0.400)
1,087.576	Total Expenditure	687.724	711.416	(23.692)	1,128.087	(40.511)

2.4 Whilst a Recovery Plan has been developed to reduce the forecast overspend at Month 3 the forecast presented above only reflects those actions which have delivered to date. These will flow through to the position when there is certainty around deliverability.

3 HHSCP – Period 8

3.1 The HHSCP is reporting an overspend of £5.903m at the end of Period 8 with a year end overspend of £11.563m forecast.

3.2 The forecast position includes slippage of £6.288m against the CIP.

3.3 A breakdown across services is detailed in Table 2 with a breakdown across Health & Adult Social Care shown at Table 3. A more detailed breakdown of the ASC position is included at Appendix 1.

Table 2 – HHSCP Financial Position as at 30 November 2022 (Month 8)

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	HHSCP					
223.215	NH Communities	148.795	153.669	(4.874)	232.312	(9.096)
44.955	Mental Health Services	30.336	31.022	(0.685)	46.874	(1.919)
142.087	Primary Care	94.568	94.228	0.341	141.789	0.298
(3.848)	ASC Other includes ASC Income	(1.796)	(1.112)	(0.684)	(3.002)	(0.846)
406.409	Total HHSCP	271.904	277.807	(5.903)	417.972	(11.563)

Table 3– HHSCP Financial Position as at 30 November 2022 (Month 8)–split across Health & Adult Social Care

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
247.423	HHSCP Health	164.926	169.801	(4.875)	255.297	(7.875)
158.986	Social Care	106.978	108.005	(1.028)	162.675	(3.689)
406.409	Total HHSCP	271.904	277.807	(5.903)	417.972	(11.563)

3.4 A breakdown across services within North Highland Communities is detailed in Table 4.

Table 4– North Highland Communities as at 30 November 2022 (Month 8)

Annual Plan £m's	Detail	Plan to Date £m's	Actual to Date £m's	Variance to Date £m's	Forecast Outturn £m's	Var from Curr Plan £m's
68.130	Inverness & Nairn	45.468	45.673	(0.205)	69.257	(1.128)
47.872	Ross-shire & B&S	31.981	32.472	(0.491)	48.813	(0.941)
43.103	Caithness & Sutherland	28.863	28.842	0.021	43.338	(0.235)
49.355	Lochaber, SL & WR	32.911	32.372	0.539	50.089	(0.735)
5.167	Management	3.152	7.693	(4.541)	10.818	(5.651)
4.593	Community Other AHP	3.080	2.901	0.179	4.414	0.179
4.997	Hosted Services Includes Midwifery	3.340	3.715	(0.375)	5.582	(0.586)
223.215	Total NH Communities	148.795	153.669	(4.874)	232.312	(9.096)
70.973	Health	47.088	50.784	(3.696)	76.222	(5.248)
152.242	ASC	101.707	102.885	(1.178)	156.090	(3.848)

3.5 A year to date overspend of £4.874m is reported within NH Communities with this forecast to increase to £9.096m by financial year end.

3.6 Within the Health element of NH Communities the forecast position is being driven by:

- £2.919m of unachieved saving
- £2.700m of service pressures within Enhanced Community Services, Chronic Pain & Palliative Care

3.7 Table 5 breaks down the position within Mental Health Services.

Table 5– Mental Health Services as at 30 November 2022 (Month 8)

Annual Plan £m's	Detail	Plan to Date £m's	Actual to Date £m's	Variance to Date £m's	Forecast Outturn £m's	Var from Curr Plan £m's
21.181	Mental Health Services Adult Mental Health	14.144	15.029	(0.885)	23.102	(1.921)
12.656	CMHT	8.492	8.083	0.409	12.084	0.570
5.961	LD	3.979	4.227	(0.248)	6.518	(0.557)
5.158	D&A	3.722	3.683	0.039	5.169	(0.011)
44.955	Total Mental Health Services	30.336	31.022	(0.685)	46.874	(1.919)
34.363	Health	23.269	24.790	(1.521)	37.321	(2.959)
10.593	ASC	7.067	6.232	0.835	9.553	1.040

3.8 Mental Health Services are reporting a year to date overspend of £0.685m with this forecast to increase to £1.919m by financial year end.

- 3.9 The overspend within the Health element of Mental Health Services is being driven by unachieved savings (£1.136m), agency costs (£0.899m) within the learning disability and dementia units and ongoing locums within Psychiatry and £0.450m in respect of services previously provided out of area. Ongoing vacancies continue to mitigate the full impact of these pressures.
- 3.10 The underspend within the Adult Social Care element of Mental Health is due to vacancies and reduced costs in independent sector provision.
- 3.11 Primary Care are currently reporting an underspend of £0.341m with this forecast to move to reduce to an underspend of £0.298m by financial year end. Recruitment challenges within the Dental service continue to mask locum costs associated with provision in 2C practices.
- 3.12 ASC Central is forecasting an overspend of £0.846m with ongoing vacancies mitigating the forecast slippage on the Cost Improvement Programme of £2.100m.

4 Savings Programme

- 4.1 The HHSCP has a savings target of £9.293m (including ASC) for 2022/2023. £3.005m of savings are currently forecast to be achieved with slippage against the Cost Improvement Programme forecast at £6.288m.

5 Non-ASC Allocations

- 5.1 Allocations have now been made in respect of Outcomes Framework (£3.817m), Alcohol and Drug Partnerships (£2.006m) & Primary Care Improvement Fund (£5.240m). Mental Health allocations will be made in Q4 based on spend forecast up to 31 March 2023. Finance Business Partners are currently progressing a number of returns for Scottish Government alongside operational leads.

6 Recovery Plan

- 6.1 The NHS Highland forecast overspend of £40.511m is based on a number of assumptions in relation to both expenditure levels and funding and is considered to be the likely position should the remaining actions identified within the Recovery Plan submitted to SG at the end of September not materialise.
- 6.2 SG requested that a Recovery Plan was submitted detailing actions which would bring the forecast financial position in line with the financial plan submitted in March 2022. For NHS Highland this means delivery of a position that is no more than £16.272m overspent.
- 6.3 The plan submitted detailed £19.997m of potential mitigating actions which if delivered would have brought the forecast position down to an overspend of £13.603m.
- 6.4 At the end of month 8 benefits arising from technical adjustments, a VAT reclamation exercise and NI rate movement have been built into the forecast position. However, since submission of the plan there has been further slippage on the CIP and cost pressures have accelerated in some areas.

6.5 £14.846m of mitigating actions are still being pursued. Should these all materialise the forecast position at month 8 would reduce to £25.665m. This is £9.393m adrift from the position SG are expecting the Board to deliver – work continues to identify further efficiencies which could be delivered before financial year end.

7 2023/2024 Budget Update

7.1 The Deputy First Minister announced the Scottish Government’s Budget for 2023/2024 in Parliament on 15 December 2022. This budget is still subject to amendments through the Scottish Parliament’s Budget Bill process – it also recognises further work in relation to Covid-19 and pay funding arrangements.

7.2 The main points included are summarised below:

- Compared to 2022/2023 budgets Boards will receive a total increase of 5.9% for 2023/2024.
- This includes recurring funding for the 2022/2023 pay award and a baseline uplift of 2%.
- £69.1m was allocated to Boards in 2022/2023 to support the increased NI levy. Whilst NI rates have reduced back down this funding will remain with Boards. It is not ringfenced and Boards can utilise this resource locally.

7.3 The Baseline position for NHSH is detailed in the table below:

	£m
Baseline allocation	725.6
Recurring allocations (2022/2023)	(0.5)
2022/2023 Pay Uplift	27.8
Total 2022/2023 Allocation	752.9
Uplift	15.3
2023/2024 Total Allocation	768.2
<i>Uplift % age</i>	<i>5.9%</i>

7.4 The 2022/2023 Pay Uplift is an estimate at this time. SG have been asked for background on this estimate as is it significantly lower than the NHSH estimate of funding required to fully fund the 2022/2023 uplifts.

8 Recommendation

- Highland Health & Social Care Committee members are invited to discuss the month 8 and forecast financial position as presented in the paper.

Appendix 1

Services Category	Annual Budget £000's	YTD Budget £000's	YTD Actual £000's	YTD Variance £000's	Forecast Outturn £000's	Forecast Variance £000's
Older People - Residential/Non Residential Care						
Older People - Care Homes (In House)	14,777	9,498	9,153	345	14,884	(107)
Older People - Care Homes - (ISC/SDS)	32,452	21,741	22,437	(696)	33,650	(1,197)
Older People - Other non-residential Care (in House)	1,150	784	723	61	1,088	63
Older People - Other non-residential Care (ISC)	1,590	1,061	1,034	27	1,307	284
Total Older People - Residential/Non Residential Care	49,970	33,084	33,348	(264)	50,928	(959)
Older People - Care at Home						
Older People - Care at Home (in House)	14,969	9,967	9,702	264	14,785	184
Older People - Care at home (ISC/SDS)	16,577	11,251	12,331	(1,080)	17,873	(1,296)
Total Older People - Care at Home	31,546	21,217	22,033	(816)	32,658	(1,112)
People with a Learning Disability						
People with a Learning Disability (In House)	4,413	2,928	2,178	750	3,593	820
People with a Learning Disability (ISC/SDS)	34,431	23,214	23,286	(72)	35,117	(686)
Total People with a Learning Disability	38,844	26,142	25,463	679	38,711	133
People with a Mental Illness						
People with a Mental Illness (In House)	520	346	195	151	308	211
People with a Mental Illness (ISC/SDS)	7,890	5,276	5,186	91	7,674	216
Total People with a Mental Illness	8,410	5,623	5,381	242	7,983	427
People with a Physical Disability						
People with a Physical Disability (In House)	911	612	422	190	730	181
People with a Physical Disability (ISC/SDS)	6,878	4,658	4,517	141	7,688	(810)
Total People with a Physical Disability	7,789	5,270	4,939	332	8,418	(629)
Other Community Care						
Community Care Teams	7,625	5,118	4,372	746	6,864	761
People Misusing Drugs and Alcohol (ISC)	16	11	7	4	10	6
Housing Support	6,091	4,038	3,840	198	5,992	99
Telecare	889	625	478	147	749	140
Carers Support	512	820	820	-	512	-
Total Other Community Care	15,133	10,613	9,518	1,095	14,127	1,005
Support Services						
Business Support	1,730	1,151	1,033	119	1,541	190
Management and Planning	5,563	3,878	5,692	(1,814)	8,308	(2,745)
Total Support Services	7,293	5,029	6,724	(1,696)	9,848	(2,556)
COVID	-	-	599	(599)	-	-
Total Adult Social Care Services	158,986	106,977	108,005	(1,028)	162,675	(3,689)