

NHS Highland

NHS

Highland

na Gàidhealtachd

Meeting:

Highland Health & Social Care
Committee

Meeting date:

15 January 2025

Title:

Finance Report – Month 7 2024/2025

Responsible Executive/Non-Executive:

Pamela Stott, Chief Officer

Report Author:

Elaine Ward, Deputy Director of Finance

1 Purpose

This is presented to the Committee for:

- Discussion

This report relates to a:

- Annual Operation Plan

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

Safe, Effective and Person Centred

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		All Well Themes			

2 Report summary

2.1 Situation

This report is presented to enable discussion on the summary NHS Highland financial position at Month 7 (October) 2024/2025 with further detail presented on the HHSCP position.

2.2 Background

NHS Highland submitted a financial plan to Scottish Government for the 2024/2025 financial year in March 2023. This plan presented an initial budget

gap of £112.491m. With a brokerage cap of £28.400m this meant cost reductions/ improvements of £84.091m were required. The Board received feedback on the draft Financial Plan 2024-27 on the 4 April 2024 which recognised that “the development of the implementation plans to support the above savings options is still ongoing” and therefore the plan was still considered to be draft at this point. The feedback also acknowledged “the significant progress that has been made in identifying savings options and establishing the appropriate oversight and governance arrangements”.

Since the submission and feedback from the draft Financial Plan confirmation has been received that the cost of CAR-T, included within the pressures, will be funded nationally.

There has also been a notification of an additional allocation of £50m nationally on a recurring basis, specifically to protect planned care performance. The NHS Highland share on an NRAC basis is £3.3 million. This funding will enable NHS Highland to maintain the current planned care performance whilst reducing the distance from the brokerage limit in 2024/25.

Additionally, Argyll & Bute IJB had confirmed its ability to deliver financial balance through the use of reserves.

A paper was taken to the NHS Highland Board on 28 February recommending that the Board agree a proposed budget with a £22.204m gap from the brokerage limit of £28.400m – this was agreed and will be reflected in monitoring reports presented to the Finance, Resources & Performance Committee and the NHS Highland Board.

2.3 Assessment

For the period to end October 2024 (Month 7) an overspend of £49.619m is reported with this forecast to increase to £49.697m by the end of the financial year. The current forecast assumes that further action will be taken to deliver a breakeven ASC position. This forecast is £21.297m worse than the brokerage limit set by Scottish Government.

The HHSCP is reporting a year to date overspend of £17.710m with this forecast to reduce to £4.841m by the end of the financial year based on the assumption that further actions will enable delivery of a breakeven position within ASC. This position assumes delivery of £2.319m of costs reductions/ improvements within Adult Social Care Value and Efficiency schemes.

2.4 Proposed level of Assurance

This report proposes the following level of assurance:

Substantial		Moderate	
Limited	x	None	

Comment on the level of assurance

It is only possible to give limited assurance at this time due to current progress on cost reduction/ improvement delivery and the ongoing utilisation of locums and agency staff. During this ongoing period of financial challenge the development of a robust recovery plan is required to increase the level of assurance – this is currently being developed at pace with oversight and support from Scottish Government in line with their “tailored support”.

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 2024/2025 and beyond and are continuing to provide additional support to develop initiatives to reduce the cost base both nationally and within individual Boards. NHS Highland continues to be escalated at level 3 in respect of finance.

3.4 Risk Assessment/Management

There is a risk associated with the delivery of the Value & Efficiency programme. The Board are developing further plans to generate cost reductions/ improvements

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
- FRPC
- Value & Efficiency Assurance Group
- Monthly 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.

- EDG
- HHSCP SLT

4 Recommendation

Discussion – Examine and consider the implications of the matter.

4.1 List of appendices

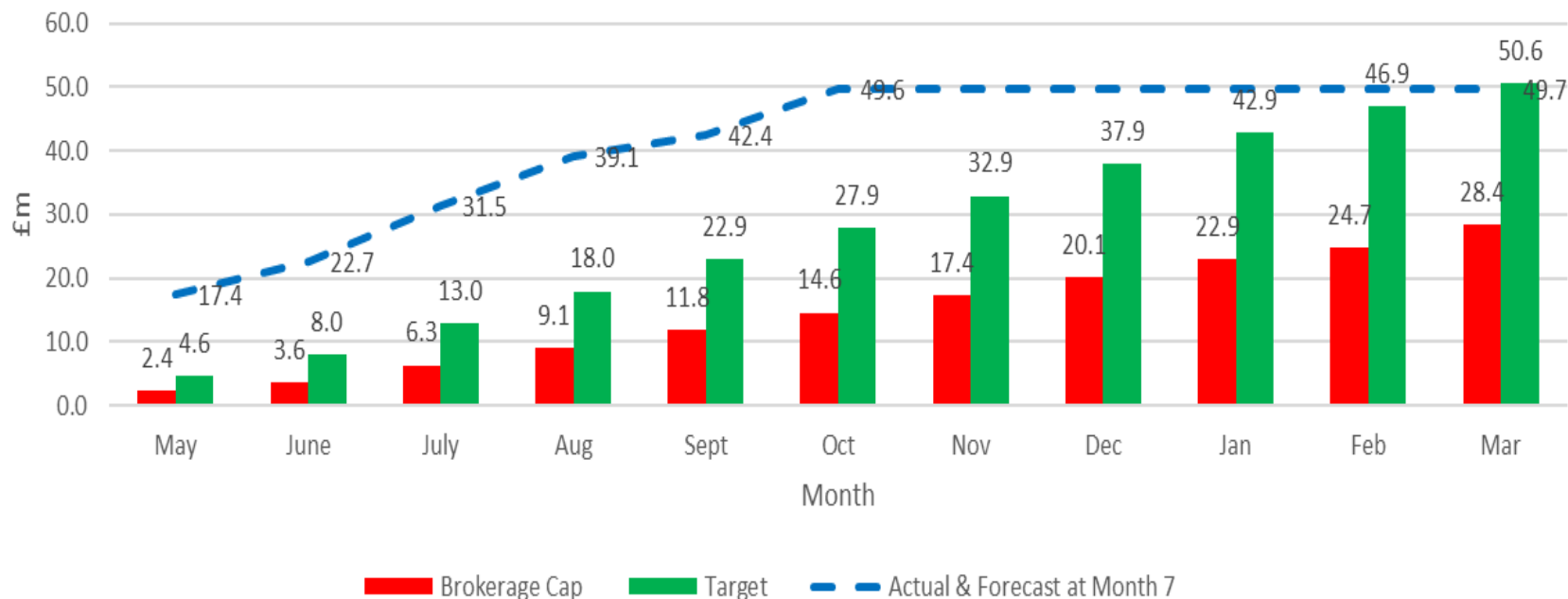
No appendices accompany this report.

Finance Report – 2024/2025 Month 7 (October 2024)

HHSCP 15 January 2025

MONTH 7 2024/2025 – OCTOBER 2024

Actual v Planned Financial Performance

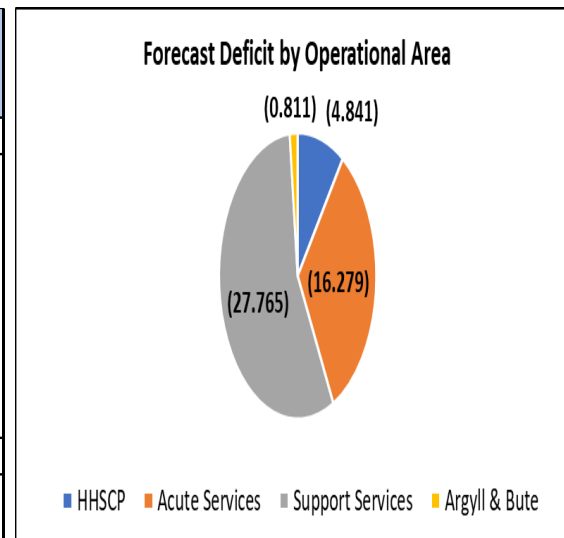


Target	YTD £m	YE Position £m
Delivery against Revenue Resource Limit (RRL) DEFICIT/ SURPLUS	39.1	49.7
Delivery against Brokerage Cap DEFICIT/ SURPLUS	30.0	21.3
Deliver against Target agreed with Board YTD DEFICIT/ SURPLUS	21.1	0.9

- Forecast year end deficit £49.7m – assuming additional action is taken to deliver breakeven ASC position
- £21.3m adrift from brokerage limit
- £0.9m better than target agreed with Board May 2024

MONTH 7 2024/2025 – OCTOBER 2024

Current Plan £m	Summary Funding & Expenditure	FY Plan £m	FY Actual £m	FY Variance £m	Forecast Outturn £m	Forecast Variance £m
1,226.750	Total Funding	659.360	659.360	-	1,226.750	-
	<u>Expenditure</u>					
470.622	HHSCP	267.086	284.796	(17.710)	492.156	(21.533)
	ASC Position to breakeven				(16.692)	16.692
	Revised HHSCP				475.464	(4.841)
316.791	Acute Services	179.982	189.386	(9.404)	333.070	(16.279)
161.859	Support Services	60.405	82.314	(21.909)	189.624	(27.765)
949.272	Sub Total	507.473	556.497	(49.024)	998.158	(48.886)
277.477	Argyll & Bute	151.887	152.482	(0.595)	278.288	(0.811)
1,226.750	Total Expenditure	659.360	708.979	(49.619)	1,276.446	(49.697)



MONTH 7 2024/2025 SUMMARY

- Overspend of £49.619m reported at end of Month 7
- Overspend forecast to increase to £49.697m by the end of the financial year – assuming further action will deliver a breakeven ASC position and that recovery plan actions presented at Month 6 deliver as planned
- The forecast has improved by £2.283m from Month 6 due to reinstatement of MDT funding following discussion with SG
- Forecast is £21.297m worse than the brokerage limit set by Scottish Government and £0.900m better than the target agreed with the Board in May 2024

MONTH 7 2024/2025 – OCTOBER 2024



Summary Funding & Expenditure	Current Plan £m
RRL Funding - SGHSCD	
Baseline Funding	890.474
Baseline Funding GMS	5.291
FHS GMS Allocation	73.949
Supplemental Allocations	43.743
Non Core Funding	-
Total Confirmed SGHSCD Funding	1,013.458
Anticipated funding	
Non Core allocations	77.914
Core allocations	8.659
Total Anticipated Allocations	86.573
Total SGHSCD RRL Funding	1,100.031
Integrated Care Funding	
Adult Services Quantum from THC	137.701
Childrens Services Quantum to THC	(10.983)
Total Integrated care	126.718
Total NHS Highland Funding	1,226.750

FUNDING

- Overall funding has increased by £31.003m in Month 7
- Funding received for AfC pay award and New Medicines makes up bulk of increase

MONTH 7 2024/2025 – OCTOBER 2024

KEY RISKS



- ASC– no plan in place to deliver breakeven
- Supplementary staffing – potential that spend could increase over winter period
- Prescribing & drugs costs – increases in both volume and cost
- Increasing ASC pressures – suppliers continuing to face sustainability challenges
- Health & Care staffing
- Ability to delivery Value & Efficiency Cost Reduction/ Improvement Targets
- AfC non pay impact – uncertainty around costs in 2024/2025 and ongoing funding position
- Availability of capital funding for backlog maintenance
- SLA Uplift
- Allocations less than anticipated

MITIGATIONS



- Adult Social Care funding from SG confirmed as higher than anticipated
- Development of robust governance structures around agency nursing utilisation
- Additional New Medicines funding
- Financial flexibility / balance sheet adjustments
- MDT funding reinstated following positive discussion with SG

MONTH 7 2024/2025 – OCTOBER 2024



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	HHSCP					
273.812	NH Communities	155.536	160.205	(4.669)	283.167	(9.355)
57.053	Mental Health Services	32.360	33.412	(1.052)	58.342	(1.290)
158.071	Primary Care	91.723	94.142	(2.419)	161.514	(3.443)
(18.313)	ASC Other includes ASC Income	(12.533)	(2.962)	(9.570)	(10.867)	(7.446)
470.622	Total HHSCP	267.086	284.796	(17.710)	492.156	(21.533)
	HHSCP					
294.494	Health	168.319	172.109	(3.790)	299.469	(4.975)
176.129	Social Care	98.766	112.687	(13.921)	192.687	(16.558)
470.622	Total HHSCP	267.086	284.796	(17.710)	492.156	(21.533)
	Delivering ASC to Breakeven				(16.692)	16.692
470.622	Revised Total HHSCP	267.086	284.796	(17.710)	475.464	(4.841)

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	586	3,721
Agency (Nursing)	271	1,838
Bank	832	5,703
Agency (exclu Med & Nurs)	221	1,075
Total	1,910	12,338

HHSCP

- Year to date overspend of £17.710m reported
- Forecast that this will decrease to £4.841m by FYE based on the assumption that further action will enable delivery of a breakeven ASC position
- Prescribing & Drugs continuing to be a pressure with £2.791m overspend built into forecast.
- Assuming delivery of £2.319m of ASC V&E cost reductions/ improvements in forecast – high risk
- Supplementary staffing costs continue to drive an overspend position – £2.750m pressure within the forecast
- £1.500m has been built into the forecast in respect of out of area placements

NORTH HIGHLAND COMMUNITIES - MONTH 7 2024/2025 – OCTOBER 2024



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Var from Curr Plan £m
79.318	Inverness & Nairn	45.901	47.889	(1.988)	83.935	(4.617)
57.304	Ross-shire & B&S	32.960	35.166	(2.206)	60.738	(3.434)
49.723	Caithness & Sutherland	28.799	29.198	(0.400)	51.358	(1.634)
60.214	Lochaber, SL & WR	32.842	33.293	(0.452)	61.232	(1.018)
12.242	Management	6.632	6.429	0.203	11.249	0.993
7.780	Community Other AHP	4.264	3.830	0.433	6.974	0.806
7.231	Hosted Services	4.139	4.399	(0.259)	7.681	(0.450)
273.812	Total NH Communities	155.536	160.205	(4.669)	283.167	(9.355)
93.017	Health	52.133	51.726	0.407	91.939	1.078
180.796	ASC	103.403	108.478	(5.075)	191.228	(10.432)

NORTH HIGHLAND COMMUNITIES

- £4.669m ytd overspend reported which is forecast to increase to £9.355m by the end of the financial year
- Within Health ongoing vacancies, particularly within Community AHPs, are mitigating cost pressures within Enhanced Community Services, Chronic Pain, community equipment and agency staffing
- Within ASC the main pressure areas are within independent sector provision particularly in Inverness & Nairn and Ross-shire & Caithness & Sutherland
- The year end forecast assumes delivery of ASC Value & Efficiency Cost Reductions/ Improvements of £2.319m

MENTAL HEALTH SERVICES - MONTH 7 2024/2025 – OCTOBER 2024



Current Plan £m's	Summary Funding & Expenditure	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
	Mental Health Services					
43.598	Adult Mental Health	24.764	25.034	(0.270)	43.559	0.039
8.305	CMHT	4.801	4.679	0.122	8.153	0.152
2.362	LD	1.168	2.102	(0.934)	3.677	(1.316)
2.789	D&A	1.626	1.597	0.029	2.952	(0.164)
57.053	Total Mental Health Services	32.360	33.412	(1.052)	58.342	(1.290)
43.406	Health	24.463	26.241	(1.777)	46.016	(2.610)
13.647	ASC	7.896	7.172	0.726	12.327	1.320

MENTAL HEALTH SERVICES

- £1.052mm overspend reported ytd with this forecast to increase to £1.290m by financial year end
- Within this service area Health is the driver of the overspend position
- The main drivers for the overspend continue to be agency nursing and medical locums – although a significant piece of work is ongoing to reduce these costs with the position beginning to look more positive
- Buvidal and Clozapine drug costs account for a further pressure of £0.249m
- A forecast of £1.500m has been built in for out of area costs with negotiations ongoing with the provider to bring these costs down and identify suitable local care provision.

PRIMARY CARE - MONTH 7 2024/2025 – OCTOBER 2024



Current 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
	Primary Care					
55.831	GMS	32.524	34.164	(1.640)	57.610	(1.780)
67.583	GPS	39.725	41.535	(1.809)	70.587	(3.005)
25.022	GDS	14.630	13.531	1.098	23.631	1.391
5.659	GOS	3.346	3.354	(0.009)	5.667	(0.009)
3.977	PC Management	1.498	1.558	(0.060)	4.018	(0.042)
158.071	Total Primary Care	91.723	94.142	(2.419)	161.514	(3.443)

PRIMARY CARE

- £2.419m overspend reported ytd with this forecast to increase to £3.443m by financial year end
- £3.005m overspend of prescribing has been built into the year end forecast – both cost and volume are contributing to this position
- £1.780m has been built in to the forecast in respect of locums in 2C practices –
- Vacancies in primary care management and GDS are mitigating overspends in other areas

MONTH 7 2024/2025 – ADULT SOCIAL CARE



Services Category (HHSCP - less ASC Estates)	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	59,756	34,699	33,192	1,507	57,555	2,201
Total Older People - Care at Home	38,128	21,663	23,975	(2,311)	41,358	(3,230)
Total People with a Learning Disability	50,071	29,261	31,790	(2,529)	56,065	(5,994)
Total People with a Mental Illness	10,222	5,965	5,631	334	9,551	672
Total People with a Physical Disability	9,343	5,475	6,057	(582)	10,394	(1,051)
Total Other Community Care	13,202	7,451	7,731	(280)	13,716	(514)
Total Support Services	(4,593)	(5,748)	3,431	(9,179)	2,940	(7,533)
Care Home Support/Sustainability Payments	-	-	881	(881)	1,108	(1,108)
Total Adult Social Care Services	176,129	98,766	112,687	(13,921)	192,687	(16,558)

NHSH Care Homes Supplementary Staffing

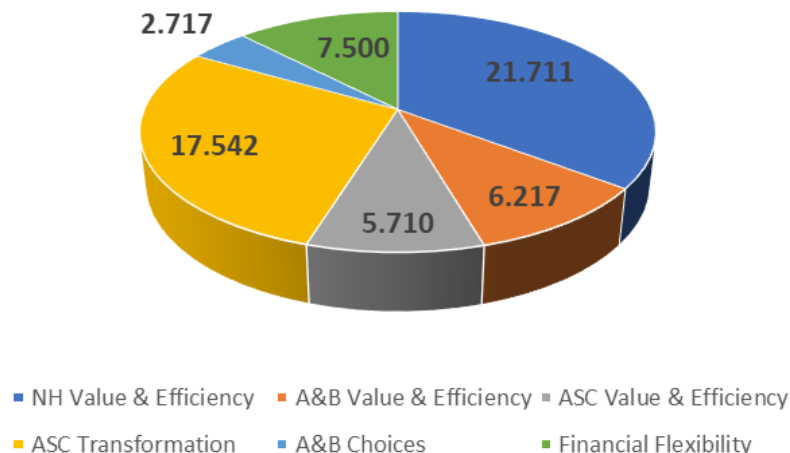
Care Home	Month 7		
	Bank £000's	Agency £000's	Total YTD £000's
Ach an Eas	31	1	129
An Acarsaid	10	-	64
Bayview House	19	-	121
Caladh Sona	-	-	8
Dail Mhor House			1
Grant House	20	-	127
Home Farm	15	117	748
Invernevis	9		75
Lochbroom	10		116
Mackintosh Centre			2
Mains House	3	45	379
Melvich	6		39
Pulteney	22		174
Seaforth	26		163
Strathburn	1		70
Telford	10		21
Wade Centre	6		54
Total	188	163	2,292

ADULT SOCIAL CARE

- A forecast overspend of £16.558m is reported. At this stage it is assumed that additional activity will enable delivery of a breakeven position at FYE.
- Further action is required to close the ASC gap of £16.692m (when ASC related property costs are included) and deliver a breakeven position with ASC at financial year end
- Assuming delivery £2.319m of cost reductions/ improvements against the target of £5.710m
- £2.292m of supplementary staffing costs within in-house care homes are included within the year to date position

MONTH 7 2024/2025 – OCTOBER 2024

Cost Reduction/ Improvement Target (£m)



COST REDUCTON/ IMPROVEMENT

- At the NHS Highland Board Meeting on 28 May the Board agreed to a proposed budget with a £22.204m gap from the brokerage cap
- Current forecasts suggest that year end out-turn will be £0.907m better than previously presented
- It should be noted that there is a high risk around delivery of this position as plans continue to be developed to support delivery of V&E targets
- In addition there is an assumption that further activity will enable delivery of a breakeven position within ASC

Board agreed plan	
	Target £000s
Opening Gap	112.001
Closing the Gap	
NH Value & Efficiency	21.711
A&B Value & Efficiency	6.217
ASC Value & Efficiency	5.710
ASC Transformation	17.542
A&B Choices	2.717
Financial Flexibility	7.500
GAP after improvement activity	50.604
GAP from Brokerage limit	22.204

MONTH 7 2024/2025 – OCTOBER 2024



Value & Efficiency Planned Savings as at 14/11/2024

Planned Value of 24-25 Efficiency of **£22.352** (31/10/2024 £22.301m), is the value of the schemes currently listed on the Savings Tracker and is part of the total savings goal for the NH and A&B of **£51.180m**

	14/11/2024	31/10/2024
Target:	£51.180m	£51,180m
Currently achieved:	£18.003m	(£10.585m)
Forecast still to be delivered:	£2.987m	(£10.097m)
Total achieved & forecasted :	£20.990m	£20.682m
GAP:	£30.190m	(£30.497m)

Reduction Programmes	V&E Plan			V&E Current Plan Fy 2024-25			Next Year
	2024-25 Original Target (£'000)	Total Achieved & Forecasted	GAP	2024-25 Current Target/Plan (£'000)	2024-25 Plan Achieved (£'000)	2024-25 Plan Forecasted (£'000)	2025-26 Plan Achieved (£'000)
Value & Efficiency - North Highland	21,711	6,824	-14,887	8,051	6,065	759	3,441
Value & Efficiency - Argyll & Bute	6,217	5,535	-682	5,670	5,316	219	0
Total Value & Efficiency	27,928	12,359	-15,569	13,721	11,381	978	3,441
Value & Efficiency - ASC	23,252	8,631	-14,621	8,631	6,622	2,009	6,622
Total Value & Efficiency incl ASC	51,180	20,990	-30,190	22,352	18,003	2,987	10,063

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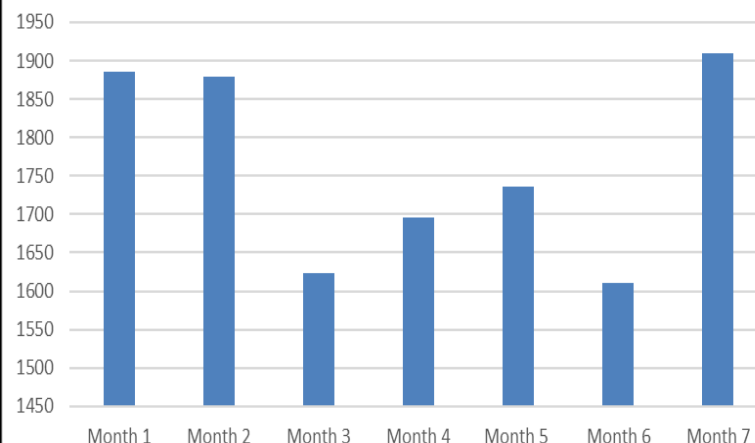
	2024/2025 YTD £'000	2023/2024 YTD £'000	Inc/ (Dec) YTD £'000
HHSCP	12,338	14,512	(2,174)

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	Pay			
26.792	Medical & Dental	14.974	15.609	(0.635)
4.417	Medical & Dental Support	2.461	2.475	(0.014)
69.185	Nursing & Midwifery	38.310	38.169	0.141
17.287	Allied Health Professionals	9.662	8.905	0.757
0.074	Healthcare Sciences	0.041	0.029	0.012
9.189	Other Therapeutic	5.177	5.455	(0.278)
6.947	Support Services	3.878	3.587	0.291
22.195	Admin & Clerical	11.884	12.075	(0.191)
0.389	Senior Managers	0.227	0.082	0.145
54.114	Social Care	30.138	28.322	1.816
0.424	Ambulance Services	0.237	0.287	(0.050)
(2.857)	Vacancy factor/pay savings	(1.690)	0.000	(1.690)
208.156	Total Pay	115.299	114.994	0.305

SUPPLEMENTARY STAFFING

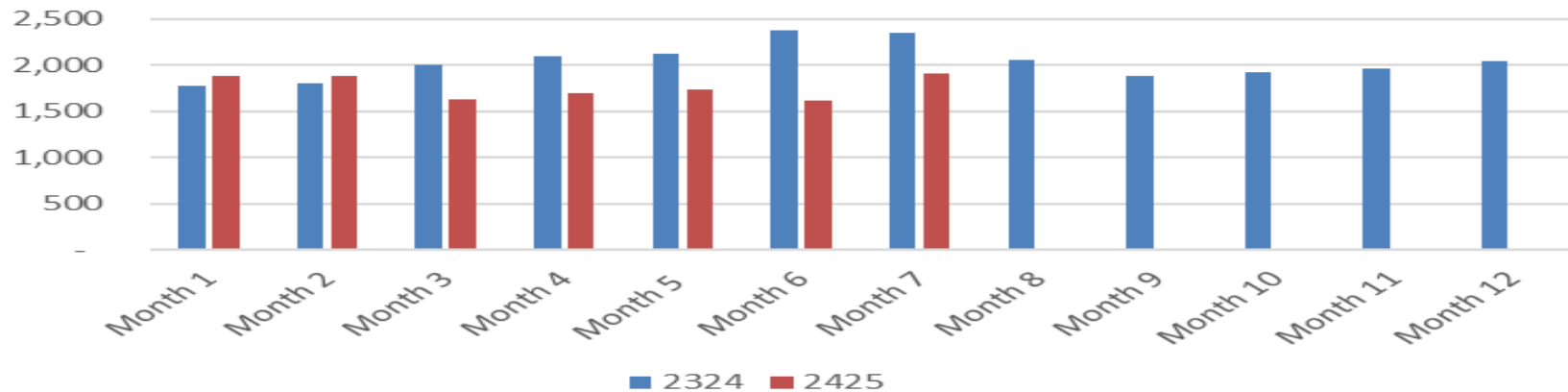
- Total spend on Supplementary Staffing at end of Month 7 is £2.174m lower than at the same point in 2023/2024.
- There is an underpend of £0.305m on pay related costs at the end of Month 7

HHSCP - TOTAL SUPPLEMENTARY SPEND 2024/2025

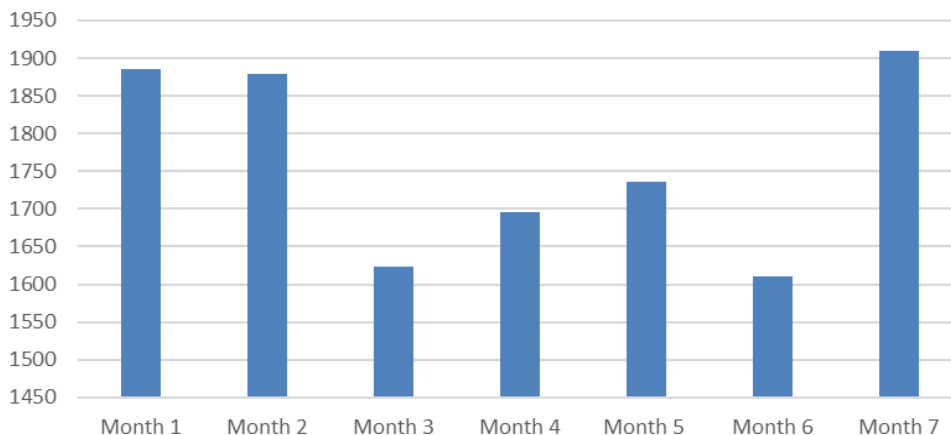


MONTH 7 2024/2025 – OCTOBER 2024

HHSCP - SUPPLEMENTARY STAFFING - MONTHLY RUN RATE



HHSCP - TOTAL SUPPLEMENTARY SPEND 2024/2025



- Month 7 spend is £0.298m higher than month 6
- YTD Reduction of £2.174m compared to 2023/2024

MONTH 7 2024/2025 – OCTOBER 2024



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
208.156	Expenditure by Subjective spend			
	Pay	115.300	114.994	0.305
57.284	Drugs and prescribing	33.397	35.499	(2.102)
2.543	Property Costs	1.523	1.905	(0.382)
20.399	General Non Pay	8.670	7.802	0.868
5.405	Clinical Non pay	3.102	4.303	(1.201)
6.989	Health care - SLA and out of area	4.120	4.250	(0.130)
134.013	Social Care ISC	78.676	85.340	(6.664)
79.737	FHS	48.240	47.228	1.012
	Allocations/commitments			
(25.822)	Operational income	(15.052)	(16.525)	1.473
(18.082)	Savings	(10.890)	0.000	(10.890)
470.622	Total	267.086	284.796	(17.710)

SUBJECTIVE ANALYSIS

- Pressures continued within all expenditure categories
- The most significant overspends are within clinical non pay
- Pay is underspent by £0.305m – with the main driver being vacancies across the districts
- Drugs and prescribing expenditure is currently overspent by £2.102m - this is split £0.410m within hospital drugs and £1.691m in primary care prescribing – this is a significant area within the Board's Value and Efficiency programme