

NHS Highland

NHS

Highland

na Gàidhealtachd

Meeting:

Highland Health & Social Care Committee

Meeting date:

7 May 2025

Title:

Finance Report – Month 11 2024/2025

Responsible Executive/Non-Executive:

Pamela Stott, Chief Officer

Report Author:

Elaine Ward, Deputy Director of Finance

Report Recommendation:

The Board is asked to **Examine** and **Consider** the content of the report and take **Limited Assurance**.

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 NHS Highland financial position at Month 11 (February) 2024/2025.

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 confirmed its ability to deliver financial balance through the use of reserves.

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

Following the quarter 2 review with Scottish Government the Board was informed of a revision to the brokerage cap. For the 2024/2025 financial year £49.700m of brokerage will now be made available. Based on current forecasts this will enable delivery of a breakeven position at financial year end – assuming ASC breaks even.

The position presented reflects current and forecast performance against this revised brokerage cap.

2.3 **Assessment**

For the period to end February 2025 (Month 11) an overspend of £59.182m is reported with an overspend of £44.792 forecast for the full financial year. The movement from ytd to year end forecast reflects the assumption that ASC will deliver a breakeven position by the end of the financial year.

The HHSCP is reporting a year to date overspend of £19.982m with this forecast to reduce to £2.481m 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 £2.519m of costs reductions/ improvements within Adult Social Care Value and Efficiency schemes.

2.4 **Proposed level of Assurance**

Substantial	<div></div>	Moderate	<div></div>
Limited	<div>X</div>	None	<div></div>

It is only possible to give limited assurance at this time due to the gap from Scottish Government expectations.

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. There is an emerging risk associated with allocations – this has been reflected in the forecast year end position.

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
- 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
- FRPC

4.1 List of appendices

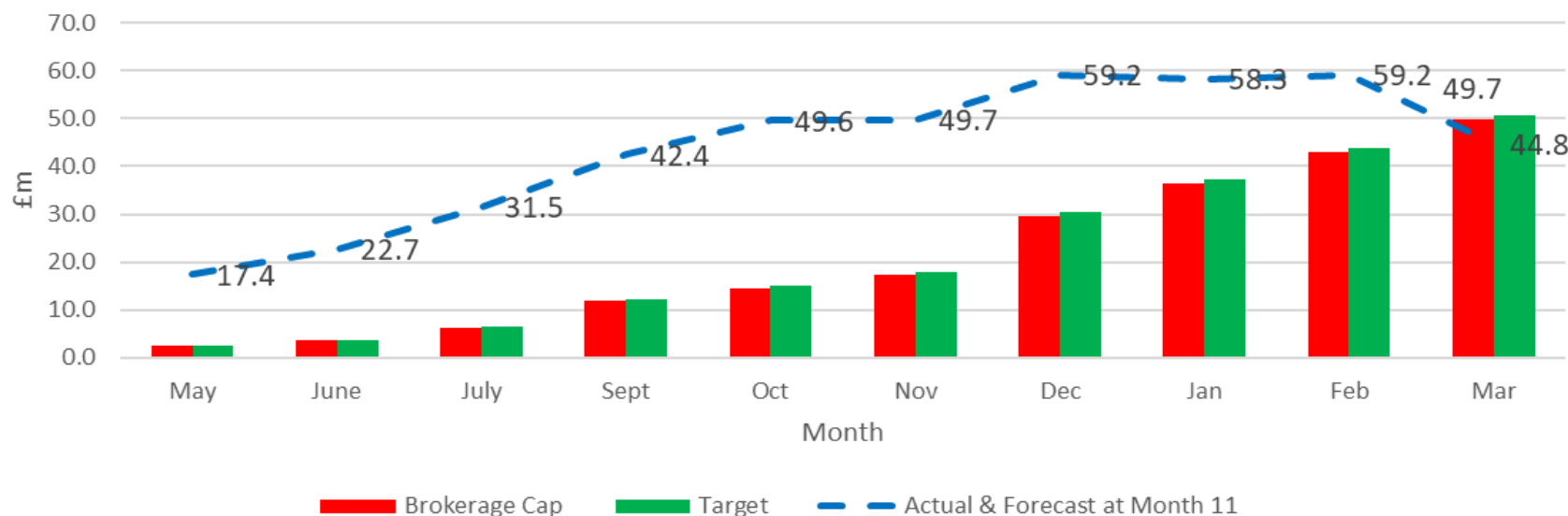
N/A

Finance Report – 2024/2025 Month 11 (February 2025)

HHSCP 7 May 2025

MONTH 11 2024/2025 – FEBRUARY 2025

Actual v Planned Financial Performance



Target	YTD £m	YE Position £m
Delivery against Revenue Resource Limit (RRL) DEFICIT/ SURPLUS	59.2	44.8
Delivery against Brokerage Cap DEFICIT/ SURPLUS	16.1	4.9
Deliver against Target agreed with Board YTD DEFICIT/ SURPLUS	15.2	5.8

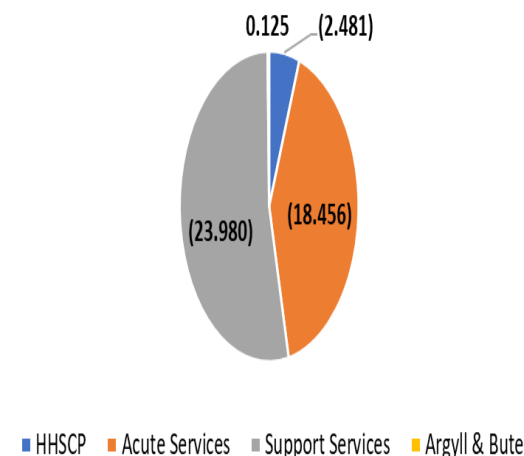
- Forecast year end deficit £44.8m – assuming additional action is taken to deliver breakeven ASC position
- £4.9m better than revised brokerage limit
- £5.8m better than target agreed with Board May 2024

MONTH 11 2024/2025 – FEBRUARY 2025



Current Plan £m	Summary Funding & Expenditure	FY Plan £m	FY Actual £m	FY Variance £m	Forecast Outturn £m	Forecast Variance £m
1,251.371	Total Funding	1,100.516	1,100.516	-	1,251.371	-
	Expenditure					
478.953	HHSCP	436.986	456.968	(19.982)	499.853	(20.900)
	ASC Position to breakeven				(18.418)	18.418
	Revised HHSCP				481.434	(2.481)
325.488	Acute Services	295.481	313.050	(17.569)	343.944	(18.456)
165.788	Support Services	116.459	137.900	(21.441)	189.768	(23.980)
970.229	Sub Total	848.926	907.918	(58.992)	1,015.146	(44.917)
281.142	Argyll & Bute	251.590	251.780	(0.189)	281.017	0.125
1,251.371	Total Expenditure	1,100.516	1,159.698	(59.182)	1,296.163	(44.792)

Forecast Deficit by Operational Area



MONTH 11 2024/2025 SUMMARY

- Overspend of £59.182m reported at end of Month 11
- Overspend forecast at £44.792m by the end of the financial year – assuming further action will deliver a breakeven ASC position
- Forecast is £4.9m better than the revised brokerage limit set by Scottish Government and £5.8m better than the target agreed with the Board in May 2024

MONTH 11 2024/2025 – FEBRUARY 2025



Summary Funding & Expenditure	Current Plan £m
RRL Funding - SGHSCD	
Baseline Funding	909.532
Baseline Funding GMS	5.291
FHS GMS Allocation	73.949
Supplemental Allocations	48.952
Non Core Funding	-
Total Confirmed SGHSCD Funding	1,037.724
Anticipated funding	
Non Core allocations	80.517
Core allocations	3.802
Total Anticipated Allocations	84.319
Total SGHSCD RRL Funding	1,122.043
Integrated Care Funding	
Adult Services Quantum from THC	141.522
Childrens Services Quantum to THC	(12.194)
Total Integrated care	129.328
Total NHS Highland Funding	1,251.371

FUNDING

- £4.225m of funding confirmed in Month 11
- Most significant elements are junior doctors pay award funding and additional allocation for AfC non-pay costs

MONTH 11 2024/2025 – FEBRUARY 2025

KEY RISKS



- ASC – work ongoing to deliver a breakeven position but not yet confirmed
- Supplementary staffing – spend continues to fluctuate but overall less than 2023/2024
- 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
- 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
- Increase to the initial brokerage limit
- Reduction in CNORIS contribution
- Additional funding for AfC non pay element of 2023/2024 pay award

MONTH 11 2024/2025 – FEBRUARY 2025



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	HHSCP					
272.688	NH Communities	249.211	254.909	(5.697)	279.743	(7.055)
57.928	Mental Health Services	53.248	53.989	(0.741)	59.194	(1.266)
164.568	Primary Care	149.431	151.665	(2.233)	166.943	(2.375)
(16.231)	ASC Other includes ASC Income	(14.904)	(3.594)	(11.311)	(6.027)	(10.204)
478.953	Total HHSCP	436.986	456.968	(19.982)	499.853	(20.900)
	HHSCP					
303.236	Health	276.248	278.607	(2.359)	305.874	(2.637)
175.717	Social Care	160.738	178.361	(17.623)	193.979	(18.262)
478.953	Total HHSCP	436.986	456.968	(19.982)	499.853	(20.900)
	Delivering ASC to Breakeven				(18.418)	18.418
478.953	Revised Total HHSCP	436.986	456.968	(19.982)	481.434	(2.481)

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	231	5,387
Agency (Nursing)	228	2,859
Bank	764	8,661
Agency (exclu Med & Nurs)	213	1,838
Total	1,437	18,744

HHSCP

- Year to date overspend of £19.982mm reported
- Forecast that this will decrease to £2.481m 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 £2.736m 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 – £2.483m pressure within the forecast
- £1.500m has been built into the forecast in respect of out of area placements

NORTH HIGHLAND COMMUNITIES - MONTH 11 2024/2025 – FEBRUARY 2025



Current Plan £000	Detail	Plan to Date £000	Actual to Date £000	Variance to Date £000	Forecast Outturn £000	Var from Curr Plan £000
79.363	Inverness & Nairn	72.615	75.673	(3.058)	83.238	(3.875)
57.459	Ross-shire & B&S	52.622	55.677	(3.055)	60.919	(3.460)
49.875	Caithness & Sutherland	45.692	46.380	(0.687)	50.892	(1.017)
58.140	Lochaber, SL & WR	53.239	53.172	0.067	58.388	(0.247)
12.607	Management	11.010	10.604	0.406	11.612	0.995
7.815	Community Other AHP	7.171	6.246	0.925	6.849	0.967
7.427	Hosted Services	6.861	7.158	(0.297)	7.844	(0.417)
272.688	Total NH Communities	249.211	254.909	(5.697)	279.743	(7.055)
94.425	Health	86.111	84.303	1.808	92.229	2.196
178.263	ASC	163.101	170.606	(7.505)	187.514	(9.250)

NORTH HIGHLAND COMMUNITIES

- £5.697m ytd overspend reported which is forecast to increase to £7.055m 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 in part due to the impact of the NCHC nursing rate.
- The year end forecast assumes delivery of ASC Value & Efficiency Cost Reductions/ Improvements of £2.519m

MENTAL HEALTH SERVICES - MONTH 11 2024/2025 – FEBRUARY 2025



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					
43.557	Adult Mental Health	39.920	40.344	(0.425)	44.254	(0.697)
9.417	CMHT	8.641	8.193	0.449	8.938	0.479
1.961	LD	1.960	3.075	(1.115)	3.352	(1.391)
2.994	D&A	2.727	2.376	0.351	2.650	0.344
57.929	Total Mental Health Services	53.248	53.989	(0.741)	59.194	(1.266)
44.243	Health	40.707	42.640	(1.933)	46.701	(2.458)
13.684	ASC	12.541	11.349	1.193	12.493	1.192

MENTAL HEALTH SERVICES

- £0.741m overspend reported ytd with this forecast to increase to £1.266m 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.

PRIMARY CARE - MONTH 11 2024/2025 – FEBRUARY 2025



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					
60.583	GMS	55.113	56.296	(1.183)	61.598	(1.015)
67.211	GPS	61.599	65.095	(3.496)	71.103	(3.892)
26.241	GDS	23.899	21.811	2.088	24.244	1.997
5.647	GOS	5.268	5.272	(0.004)	5.652	(0.004)
4.886	PC Management	3.553	3.192	0.361	4.346	0.540
164.568	Total Primary Care	149.431	151.665	(2.233)	166.943	(2.375)

PRIMARY CARE

- £2.233m overspend reported ytd with this forecast to increase to £2.375m by financial year end
- £2.486 overspend of prescribing has been built into the year end forecast – both cost and volume are contributing to this position
- £2.465m 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 11 2024/2025 – ADULT SOCIAL CARE



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	60.222	55.109	53.303	1.806	58.278	1.944
Total Older People - Care at Home	38.091	34.813	37.702	(2.889)	41.196	(3.104)
Total People with a Learning Disability	49.969	45.735	49.809	(4.075)	55.448	(5.479)
Total People with a Mental Illness	10.370	9.499	8.665	0.834	9.538	0.831
Total People with a Physical Disability	9.352	8.562	9.330	(0.769)	10.332	(0.979)
Total Other Community Care	13.160	12.062	12.256	(0.193)	13.401	(0.241)
Total Support Services	(4.917)	(4.556)	6.501	(11.057)	4.922	(9.840)
Care Home Support/Sustainability Payments	0.000	0.000	1.403	(1.403)	1.551	(1.551)
Total Adult Social Care Services	176.247	161.223	178.968	(17.745)	194.665	(18.418)
Less ASC Estates	0.530	0.486	0.607	(0.122)	0.686	(0.156)
Total Adult Social Care Services - Revised	175.717	160.738	178.361	(17.623)	193.979	(18.262)
Delivering ASC Position to Breakeven (including overspend on ASC Estates)						18.418

ADULT SOCIAL CARE

- A forecast overspend of £18.418m is reported. At this stage it is assumed that through further actions a position will be reached which will enable delivery of a breakeven position at FYE.
- Assuming delivery £2.319m of cost reductions/ improvements against the target of £5.710m
- £3.790m of supplementary staffing costs within in-house care homes are included within the year to date position

MONTH 11 2024/2025 – ADULT SOCIAL CARE



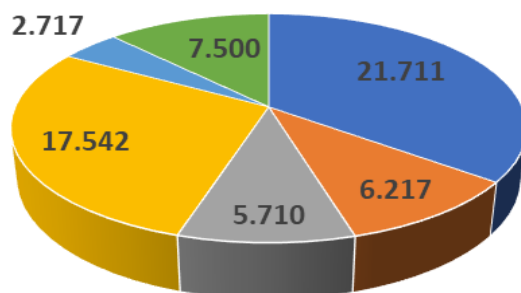
NHSH Care Homes Supplementary Staffing

Care Home	Month 11		
	Agency £000	Bank £000	Total YTD £000
Ach an Eas	-	29	211
An Acarsaid	-	16	120
Bayview House	-	19	201
Caladh Sona	-	-	8
Dail Mhor House		1	3
Grant House	27	28	259
Home Farm	72	8	1,217
Invernevis	16	17	178
Lochbroom		21	192
Mackintosh Centre		2	6
Mains House	42	6	593
Melvich		3	59
Pulteney		31	264
Seaforth		21	261
Strathburn		-	70
Telford	-	7	46
Wade Centre	-	16	102
Total	157	225	3,790

- Ongoing reliance on agency/ bank staffing within Home Farm and Mains House

MONTH 11 2024/2025 – FEBRUARY 2025

Cost Reduction/ Improvement Target (£m)



■ NH Value & Efficiency ■ A&B Value & Efficiency ■ ASC Value & Efficiency
■ ASC Transformation ■ A&B Choices ■ Financial Flexibility

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 – subsequently the brokerage cap has been increased to £49.7m but this has not impacted on the cost reduction/ improvement target
- Current forecasts suggest that year end out-turn will be £0.907m better than previously presented
- It should be noted that there is a risk around delivery of this position and recovery plan actions previously presented to FRPC will mitigate this position
- In addition there is an assumption that further activity will enable delivery of a breakeven position within ASC – this is a high risk assumption and we are working with Highland Council to progress.

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 11 2024/2025 – FEBRUARY 2025



Value & Efficiency Planned Savings as at 10/03/2025

Planned Value of 24-25 Efficiency of **£26.034** (M9: £23.935m), 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**

	10/03/25	M9
Target:	£51.180m	£51.180m
<i>Currently achieved</i>	<i>£21.656m</i>	<i>£18.945m</i>
<i>Forecast still to be delivered</i>	<i>£2.958m</i>	<i>£3.572m</i>
Total achieved & forecasted	£24.614m	£22.517m
GAP:	(£26.566m)	(£28.663m)

56% of efficiencies are currently forecasted to be delivered via Value & Efficiency Programme. This excludes ASC.

48% of efficiencies are currently forecasted to be delivered inclusive of ASC target and savings plan.

Change in GAP: **£2.097m**

Reduction Programmes	V&E Original Plan				V&E Current Plan Fy 2024-25				Next Year
	2024-25 Original Target (£'000)	Total Achieved & Forecasted	GAP	% of In Delivery vs Original Target	2024-25 Current Target/Plan (£'000)	2024-25 Plan Achieved (£'000)	2024-25 Plan Forecasted (£'000)	GAP	2025-26 Plan Achieved (£'000)
Value & Efficiency - North Highland	21,711	10,082	-11,629	46%	11,307	8,553	1,529	-1,225	1,970
Value & Efficiency - Argyll & Bute	6,217	5,610	-607	90%	5,805	5,581	29	-195	0
Total Value & Efficiency	27,928	15,692	-12,236	56%	17,112	14,134	1,558	-1,420	1,970
Value & Efficiency - ASC	23,252	8,922	-14,330	38%	8,922	7,522	1,400	0	6,622
Total Value & Efficiency Incl ASC	51,180	24,614	-26,566	48%	26,034	21,656	2,958	-1,420	8,592

MONTH 11 2024/2025 – FEBRUARY 2025

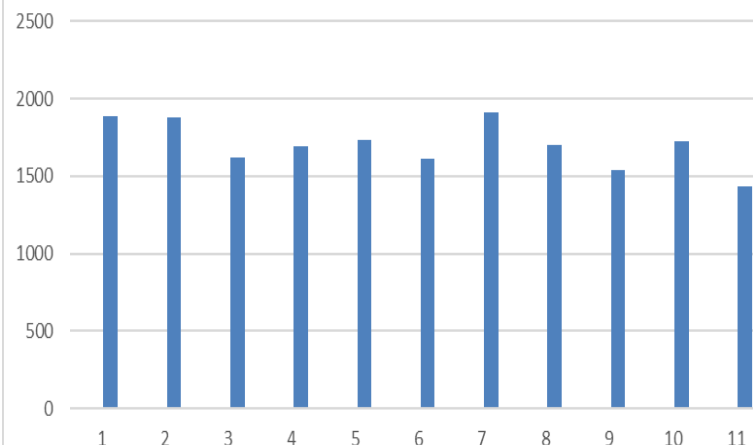
	2024/202	2023/2	Inc/ (Dec)
	YTD	YTD	YTD
	£'000	£'000	£'000
HHSCP	18,744	22,366	(3,622)

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	Pay			
28.768	Medical & Dental	26.404	25.601	0.803
4.396	Medical & Dental Support	4.032	4.061	(0.029)
69.978	Nursing & Midwifery	64.095	62.769	1.327
17.555	Allied Health Professionals	16.070	14.667	1.403
0.074	Healthcare Sciences	0.068	0.031	0.037
9.582	Other Therapeutic	8.747	9.094	(0.347)
6.968	Support Services	6.352	5.951	0.402
22.631	Admin & Clerical	20.621	19.829	0.792
0.398	Senior Managers	0.365	0.137	0.228
52.883	Social Care	48.422	46.000	2.422
0.424	Ambulance Services	0.388	0.400	(0.012)
(2.592)	Vacancy factor/pay savings	(2.382)	(0.041)	(2.341)
211.065	Total Pay	193.183	188.499	4.684

SUPPLEMENTARY STAFFING

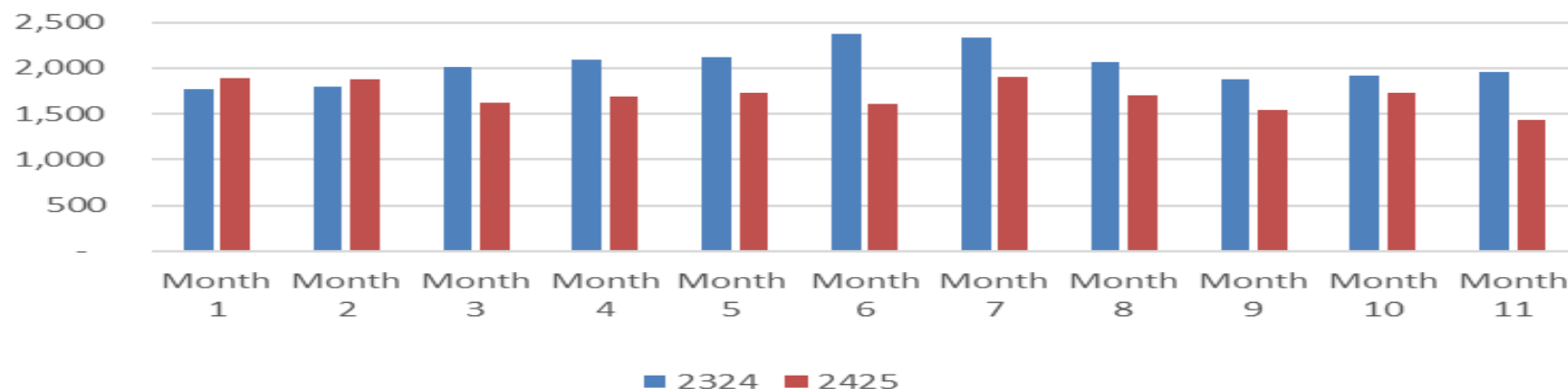
- Total spend on Supplementary Staffing at end of Month 11 is £3.622m lower than at the same point in 2023/2024.
- There is an underspend of £4.684m on pay related costs at the end of Month 11

HHSCP - TOTAL SUPPLEMENTARY SPEND 2024/2025

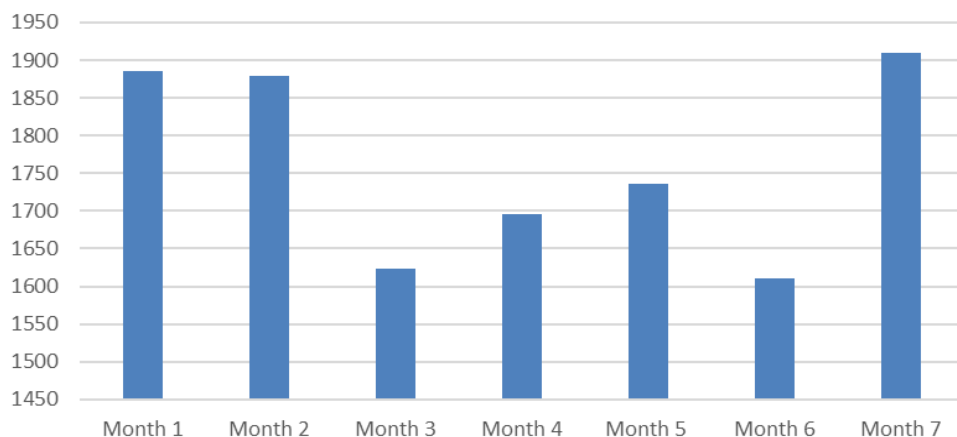


MONTH 11 2024/2025 – FEBRUARY 2024

HHSCP - SUPPLEMENTARY STAFFING - MONTHLY RUN RATE



HHSCP - TOTAL SUPPLEMENTARY SPEND 2024/2025



- Month 7 spend is £0.292m lower than Month 10
- YTD Reduction of £3.622m compared to 2023/2024

MONTH 11 2024/2025 – FEBRUARY 2025



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
209.007	Expenditure by Subjective spend	193.183	188.499	4.684
57.371	Pay	52.577	55.211	(2.634)
3.357	Drugs and prescribing	3.045	3.790	(0.745)
21.005	Property Costs	16.786	13.070	3.716
5.564	General Non Pay	5.055	6.327	(1.271)
7.257	Clinical Non pay	6.652	6.786	(0.133)
115.826	Health care - SLA and out of area	106.011	114.729	(8.718)
85.544	Social Care ISC	77.039	76.986	0.053
	FHS			
(6.910)	Allocations/commitments	(6.260)	(8.431)	2.171
(19.068)	Operational income	(17.103)	0.000	(17.103)
478.953	Savings	436.986	456.968	(19.982)
	Total			

SUBJECTIVE ANALYSIS

- Pressures continued within all expenditure categories
- The most significant overspends are within Drugs and Prescribing and Social Care ISC
- Pay is underspent by £4.684m – with the main driver being vacancies across the districts