

NHS Highland



Meeting: NHS Highland Board

Meeting date: 30 July 2024

Title: Finance Report – Month 2 2024/2025

Responsible Executive/Non-Executive: Heledd Cooper, Director of Finance

Report Author: Elaine Ward, Deputy Director of Finance

1 Purpose

This is presented to the NHS Highland 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 2 (May) 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 has 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, with a commitment to reduce this gap as far as possible – this was agreed and is reflected in monitoring reports presented to the Finance, Resources & Performance Committee and the NHS Highland Board.

2.3 Assessment

For the period to end May 2024 (Month 2) an overspend of £17.364m is reported with this forecast to increase to £50.682m by the end of the financial year. The current forecast assumes that those cost reductions/ improvements identified through value and efficiency workstreams will be achieved and that support or change will be made to balance the ASC position at the end of the financial year. This forecast is £22.282m worse than the brokerage limit set by Scottish Government but in line with the opening plan.

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"/>

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.

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
- Efficiency Transformation Group
- 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, Resources & Performance Committee

4 Recommendation

Discussion – Examine and consider the implications of the matter.

4.1 List of appendices

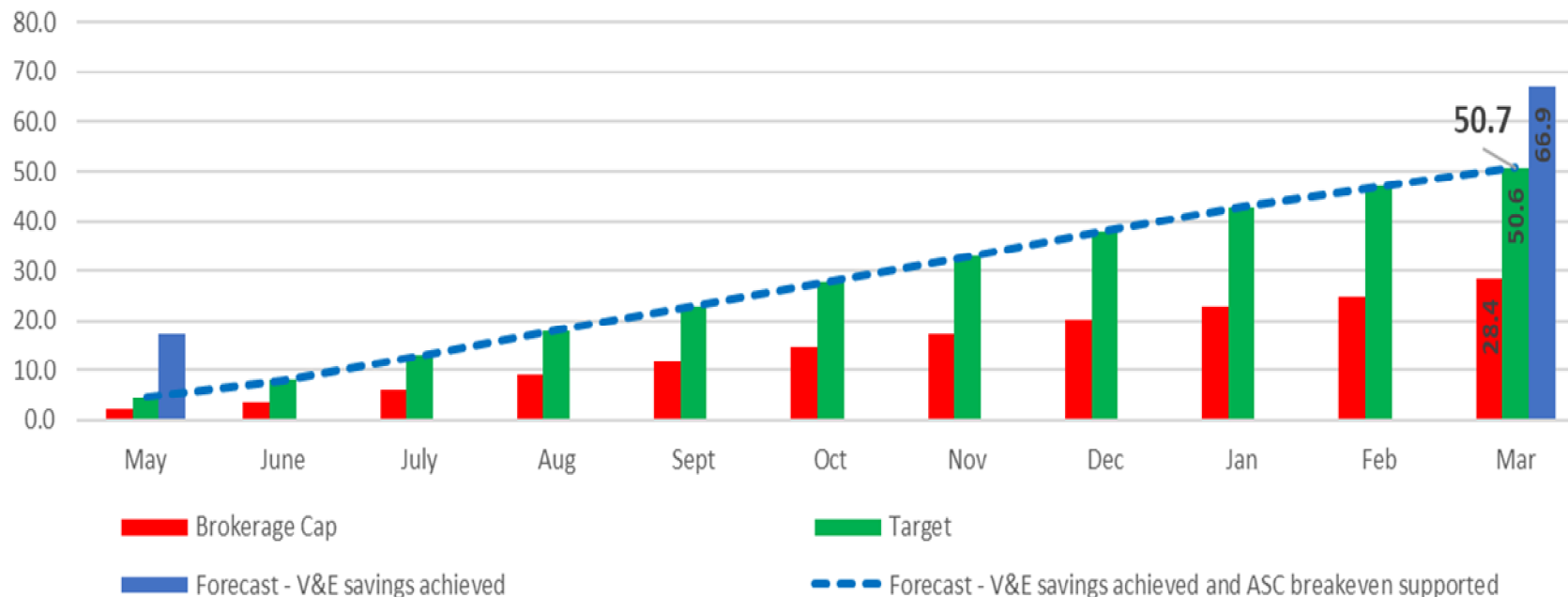
The following appendices are included with this report:

Month 2 Finance Presentation

Finance Report – 2024/2025 Month 2 (May 2024)

MONTH 2 2024/2025 – MAY 2024

Actual v Planned Financial Performance



Target	YE Position £m
Delivery against Revenue Resource Limit (RRL) DEFICIT/ SURPLUS	50.7
Delivery against Financial Plan DEFICIT/ SURPLUS	22.3

- Forecast year end deficit £50.7m – assuming support to deliver breakeven ASC position
- £22.3m adrift from brokerage limit

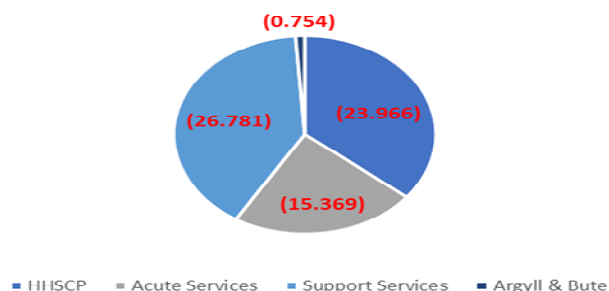
MONTH 2 2024/2025 – MAY 2024

Current Budget £m	Summary Funding & Expenditure	FY Plan £m	FY Actual £m	FY Variance £m	Forecast Outturn £m	Forecast Variance £m
1,184.600	Total Funding	197.054	197.054	-	1,184.600	-
	Expenditure					
457.712	HHSCP	74.632	79.397	(4.764)	481.678	(23.966)
306.373	Acute Services	50.280	54.698	(4.418)	321.742	(15.369)
166.460	Support Services	30.548	38.385	(7.837)	193.240	(26.781)
930.545	Sub Total	155.461	172.480	(17.019)	996.661	(66.117)
254.056	Argyll & Bute	41.593	41.938	(0.345)	254.810	(0.754)
1,184.600	Total Expenditure	197.054	214.418	(17.364)	1,251.471	(66.871)
	Support to bring ASC position to breakeven					16.189
	Adjusted Forecast					(50.682)

MONTH 2 2024/2025 SUMMARY

- Overspend of £17.364m reported at end of Month 2
- Overspend forecast to increase to £50.682m by the end of the financial year – when assuming support to deliver a breakeven ASC position
- At this point it is forecast that only those cost reductions/improvements identified through value and efficiency workstreams will be achieved
- Forecast is £22.282m worse than the brokerage limit set by Scottish Government

Forecast Deficit by Operational Area



MONTH 2 2024/2025 – MAY 2024



Summary Funding & Expenditure	Current Plan £m
RRL Funding - SGHSCD	
Baseline Funding	836.126
FHS GMS Allocation	79.970
Supplemental Allocations	-
Non Core Funding	-
Total Confirmed SGHSCD Funding	916.096
Anticipated funding	
Non Core allocations	75.874
Core allocations	65.912
Total Anticipated Allocations	141.786
Total SGHSCD RRL Funding	1,057.882
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	1,184.600

FUNDING

- Current funding is £35.667m less than the final position from 2023/2024 – some funding streams yet to be confirmed
- SG are committed to releasing 80% of allocations (by value) by the end of quarter 1
- No funding received for pay award or superannuation uplift at this time

MONTH 2 2024/2025 – MAY 2024



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	HHSCP					
255.406	NH Communities	42.381	43.970	(1.589)	272.637	(17.231)
53.155	Mental Health Services	8.770	9.536	(0.766)	57.558	(4.403)
154.019	Primary Care	25.683	26.479	(0.796)	156.944	(2.925)
(4.867)	ASC Other includes ASC Income	(2.202)	(0.588)	(1.614)	(5.461)	0.594
457.712	Total HHSCP	74.632	79.397	(4.764)	481.678	(23.966)
	HHSCP					
283.233	Health	46.908	48.608	(1.700)	291.011	(7.777)
174.479	Social Care	27.724	30.788	(3.064)	190.668	(16.189)
457.712	Total HHSCP	74.632	79.397	(4.764)	481.678	(23.966)

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	588	1,137
Agency (Nursing)	256	582
Bank	821	1,746
Agency (exclu Med & Nurs)	214	299
Total	1,879	3,764

Overall NHS Highland position adjusted to reflect assumption that support will be available to balance ASC position to breakeven at financial year end

HHSCP

- Year to date overspend of £4.764m reported
- Forecast that this will increase to £23.966m by financial year end
- Prescribing already emerging as a pressure with £3.800m overspend built into forecast.
- The YTD position also includes £3.875m of slippage against the ASC cost reduction/improvement target – assuming delivery of £5.710m of V&E cost reductions/improvements in forecast
- Supplementary staffing costs continue to drive an overspend position – a number of Value & Efficiency workstreams have been initiated with work ongoing to reduce the level of spend

MONTH 2 2024/2025 – MAY 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	58,256	9,663	9,887	(225)	58,610	(354)
Total Older People - Care at Home	35,117	5,874	6,351	(477)	39,028	(3,911)
Total People with a Learning Disability	45,477	7,597	8,289	(692)	56,460	(10,982)
Total People with a Mental Illness	9,759	1,628	1,509	119	9,530	228
Total People with a Physical Disability	8,739	1,464	1,542	(78)	9,897	(1,158)
Total Other Community Care	13,145	2,196	2,103	93	13,948	(803)
Total Support Services	4,511	(609)	983	(1,592)	2,370	2,140
Care Home Support/Sustainability Payments	-	-	233	(233)	1,470	(1,470)
Total Adult Social Care Services	175,003	27,812	30,896	(3,085)	191,313	(16,310)

Care Home	Month 2		Total YTD £000's
	Bank £000's	Agency £000's	
Ach-an-eas	15	-	30
An Acarsaid	8	-	20
Bayview House	18	-	37
Caladh Sona	4	-	6
Dail Mhor House	0	-	1
Grant House	23	-	36
Home Farm Portree	8	124	221
Invernevis House	6	-	21
Lochbroom House	21	-	42
Mackintosh Centre	1	-	2
Mains House Care Home	1	54	104
Melvich Centre	5	-	9
Pulteney House	24	-	57
Seaforth House	20	-	41
Strathburn House	6	20	47
Telford Centre	0	-	1
Wade Centre	11	-	19
Total	172	198	692

ADULT SOCIAL CARE

- A forecast overspend of £16.310m is reported within ASC - this in the main relates to a projection of undelivered cost reductions / improvements. This has been adjusted at Board level on basis of assumption that support will be available to deliver a breakeven ASC position
- Additional payments to providers of £1.470m has been built into the forecast position
- A reliance on agency staff in NHS run care homes continues to present a financial risk
- The 2024/2025 quantum has still to be formally agreed but it is anticipated that this will improve the position once there is clarity on the recurring nature of some allocations.

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Current Plan £000	Division	Plan to Date £000	Actual to Date £000	Variance to Date £000	Forecast Outturn £000	Forecast Variance £000
83.057	Medical Division	13.724	16.452	(2.728)	92.967	(9.910)
21.712	Cancer Services	3.572	4.184	(0.612)	23.351	(1.639)
69.971	Surgical Specialties	11.632	12.399	(0.766)	72.489	(2.518)
37.050	Woman and Child	6.112	6.202	(0.089)	37.051	-
43.211	Clinical Support Division	7.251	7.369	(0.118)	43.281	(0.070)
(4.085)	Raigmore Senior Mgt & Central Cost	(1.273)	(1.226)	(0.047)	(3.506)	(0.579)
25.195	NTC Highland	4.230	4.027	0.204	24.293	0.901
276.111	Sub Total - Raigmore	45.249	49.407	(4.158)	289.926	(13.814)

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	809	1,893
Agency (Nursing)	318	546
Bank	646	1,368
Agency (exclu Med & Nurs)	133	281
Total	1,907	4,089

ACUTE

- £4.158m ytd overspend reported with this forecast to increase to £13.814m by the end of the financial year
- Neither the ytd or forecast position reflects required cost reductions / improvement – these are currently being held centrally whilst work on individual programmes progresses
- Main drivers for overspend position continues to be supplementary staffing costs and increased drug costs
- The cost of patients within the wrong care setting is estimated at £1.026m ytd.

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Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	Support Services					
(28.372)	Central Services	7.315	15.451	(8.137)	(2.516)	(25.856)
49.500	Central Reserves	-	-	-	49.500	-
46.935	Corporate Services	7.275	6.821	0.454	45.305	1.630
55.281	Estates Facilities & Capital Planning	8.764	8.757	0.006	56.282	(1.001)
15.445	eHealth	2.583	2.568	0.016	15.661	(0.215)
27.670	Tertiary	4.612	4.788	(0.176)	29.009	(1.338)
166.460	Total	30.548	38.385	(7.837)	193.240	(26.781)

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000	Forecast £'000
Locum	15	15	-
Agency (Nursing)	-	4	-
Bank	185	104	-
Agency (exclu Med & Nurs)	35	77	-
Total	236	201	-

YTD is lower than in month spend due to credit received in respect of 2023/2024

SUPPORT SERVICES

- YTD overspend of £7.837m reported with this forecast to increase to £26.871m by the end of the financial year – this area carries the risk associated with not achieving the cost reduction/ improvement target.
- Continuing vacancies within a number of teams within Corporate Services are driving both the year to date and forecast position
- 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 account for the overspend within Tertiary

MONTH 2 2024/2025 – MAY 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					
124.234	Hospital & Community Services	20.899	20.864	0.035	124.538	(0.304)
38.334	Acute & Complex Care	6.569	6.699	(0.129)	39.324	(0.990)
10.109	Children & Families	1.703	1.691	0.012	10.109	-
40.236	Primary Care inc NCL	6.505	6.388	0.117	40.236	-
23.972	Prescribing	3.864	3.871	(0.006)	23.932	0.040
11.594	Estates	1.904	2.077	(0.174)	11.894	(0.300)
5.861	Management Services	0.387	0.394	(0.007)	5.861	-
(0.284)	Central/Public health	(0.238)	(0.046)	(0.191)	(1.084)	0.800
254.056	Total Argyll & Bute	41.593	41.938	(0.345)	254.810	(0.754)

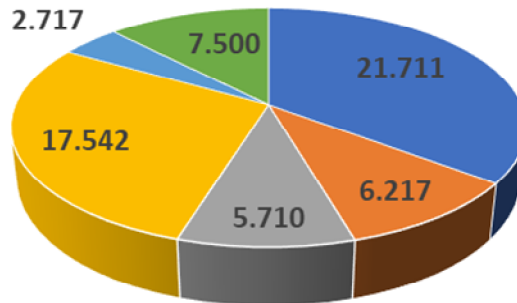
Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	745	1,066
Agency (Nursing)	600	543
Bank	236	519
Agency (exclu Med & Nurs)	66	109
Total	1,646	2,238

ARGYLL & BUTE

- YTD overspend of £0.345m reported
- Whilst an overspend of £0.754m is forecast at financial year end there is confidence that this will be contained to enable delivery of a breakeven position
- The use of supplementary staffing continues to adversely impact on the financial position
- The YTD position is masking slippage on cost reductions/improvements of £0.793m

MONTH 2 2024/2025 – MAY 2024

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
- Current forecasts suggest that delivery will be £0.749m 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 support will be available to deliver a breakeven position within ASC

	Board agreed plan		
	Target £000s	Forecast £000s	Variance £000s
Opening Gap	112.001	112.001	-
Closing the Gap			
NH Value & Efficiency	21.711	25.881	4.170
A&B Value & Efficiency	6.217	5.513	(0.704)
ASC Value & Efficiency	5.710	5.710	-
ASC Transformation	17.542	17.542	-
A&B Choices	2.717		(2.717)
Financial Flexibility	7.500	7.500	-
GAP after improvement activity	50.604	49.855	(0.749)
GAP from Brokerage limit	22.204	21.455	

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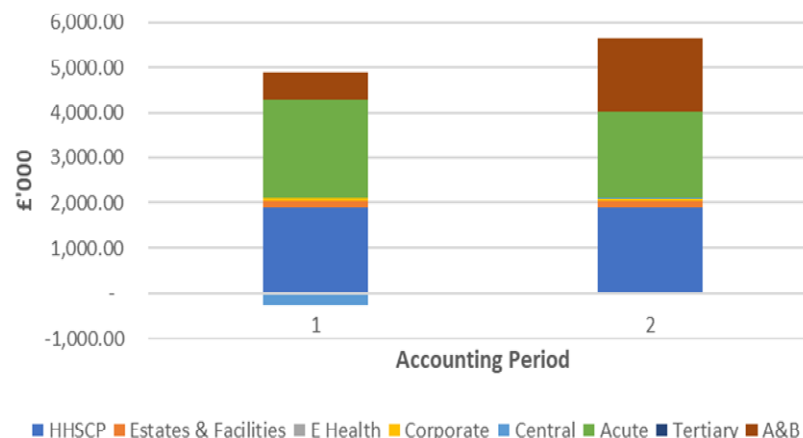
	2024/2025 YTD £'000	2023/2024 YTD £'000	Inc/ (Dec) YTD £'000
HHSCP	3,764	3,577	187
Estates & Facilities	295	235	60
E Health	4	5.00	(1)
Corporate	146	203	(57)
Central	(244)	(133)	(111)
Acute	4,089	4,746	(657)
Tertiary	0	1	-
Argyll & Bute	2,238	1,867	371
TOTAL	10,292	10,501	(208)

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
118.981	Pay	19.504	20.964	(1.460)
6.568	Medical & Dental	1.090	1.390	(0.300)
212.118	Medical & Dental Support	35.007	35.753	(0.746)
40.077	Nursing & Midwifery	6.661	6.208	0.452
16.362	Allied Health Professionals	2.772	2.688	0.085
21.201	Healthcare Sciences	3.480	3.629	(0.149)
45.538	Other Therapeutic	7.581	7.388	0.193
82.205	Support Services	13.456	13.487	(0.031)
3.344	Admin & Clerical	0.561	0.491	0.070
58.154	Senior Managers	9.551	9.162	0.389
(9.725)	Social Care	(1.539)	(0.731)	(0.807)
594.823	Vacancy factor/pay savings	98.126	100.429	(2.304)
	Total Pay	98.126	100.429	(2.304)

SUPPLEMENTARY STAFFING

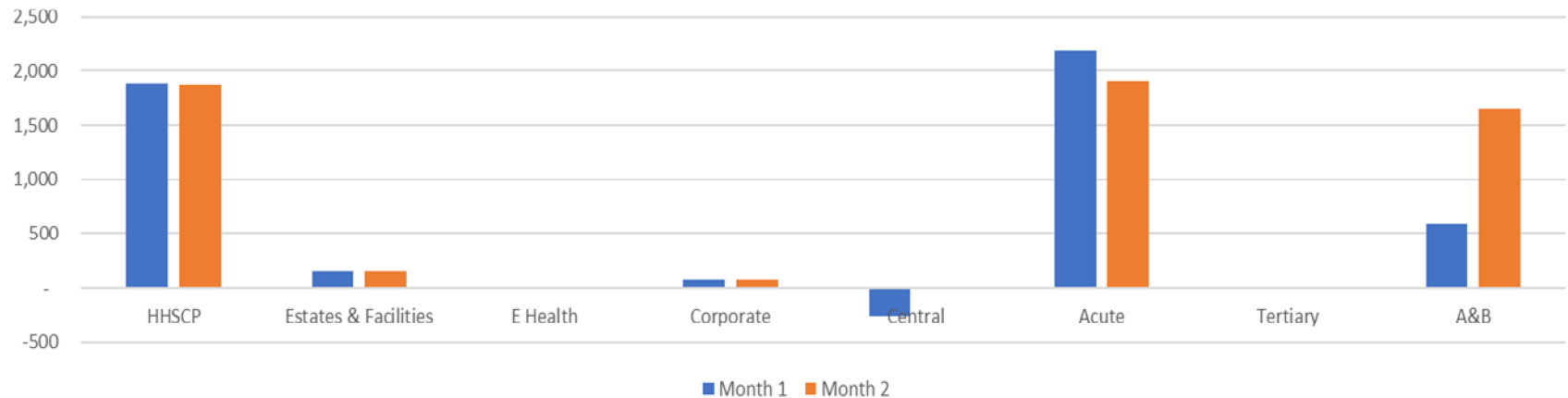
- Total spend on Supplementary Staffing at end of Month 2 is £0.208m lower than at the same point in 2023/2024.
- There is an overspend of £2.304m on pay related costs at the end of Month 2

Supplementary Staffing Apr 24 - Mar 25

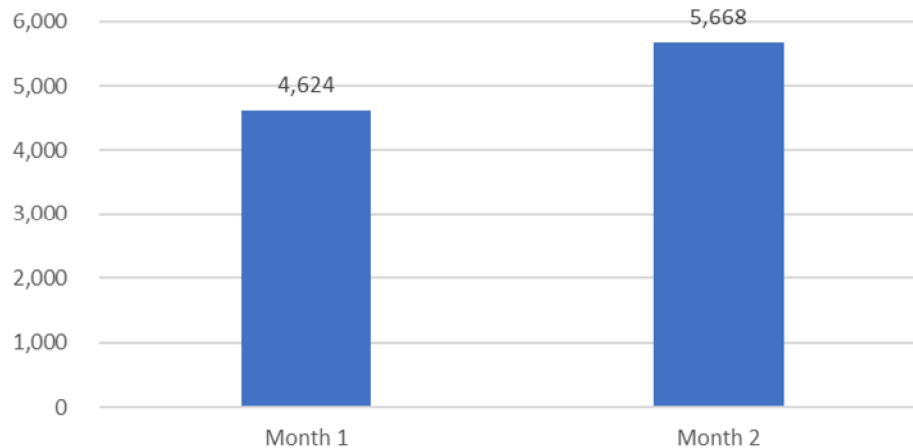


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Supplementary Staffing - Monthly Run Rate



Supplementary Staffing Total Spend 2023/2024



- £1.044m increase in spend in Month 2 over Month 1
- Reduction in spend in Corporate/ Central teams since 2023/2024

MONTH 2 2024/2025 – MAY 2024



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	Expenditure by Subjective spend			
594.823	Pay	98.126	100.429	(2.304)
128.250	Drugs and prescribing	21.129	23.061	(1.932)
62.930	Property Costs	10.188	10.648	(0.460)
40.570	General Non Pay	6.728	7.111	(0.383)
51.405	Clinical Non pay	8.532	9.809	(1.277)
147.101	Health care - SLA and out of area	36.629	37.196	(0.567)
122.764	Social Care ISC	20.532	22.593	(2.062)
107.410	FHS	18.568	17.934	0.634

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	Drugs and prescribing			
49.754	Hospital drugs	8.142	9.328	(1.186)
78.496	Prescribing	12.988	13.734	(0.746)
128.250	Total	21.129	23.061	(1.932)

SUBJECTIVE ANALYSIS

- Pressures continued within all expenditure categories
- The most significant overspends are within pay – as a result of supplementary staffing spend which is in part mitigated by vacancies – and the provision of social care from the independent sector
- Drugs and prescribing expenditure is currently overspent by £1.932m - this is split £1.186m within hospital drugs and £0.746m in primary care prescribing – this is a significant area within the Board's Value and Efficiency programme

MONTH 2 2024/2025 – MAY 2024



BUDGET	SCHEME	ACTUALS
1,819	FORUMLARY ALLOCATION EPAG	10
	eHEALTH	
38	REPLACEMENT SITE SERVERS (4)	
240	REPLACEMENT SAN	
288	UPGRADE BACKUP SOLUTION	
132	SERVER REPLACEMENT	
300	FIBRE REPLACEMENT - RAIGMORE	
60	FIBRE REPLACEMENT - LORN & ISLES	
38	MULTITONE UPGRADE	
110	FIREWALLS - LORN & ISLES	
1,207	TOTAL	0
	ESTATES	
	RADIOPHARMACY SUITE VENTILATION REPLACEMENT	
	NUCLEAR MEDICINE VENTILATION AHU REPLACEMENT	
	MORTUARY VENTILATION AHU REPLACEMENT	
	RAIGMORE FIRE COMPARTMENTATION	2
	ROSS MEMORIAL FIRE COMPARTMENTATION	
	BELFORD DISTRIBUTION BOARDS REPLACEMENT	
	ASSYNT HEALTH CENTRE - REPLACEMENT OIL LINE	
	COWAL HOSPITAL REWIRING	
	A&B HOSPITAL WATER SUPPLY	
	HISTORIC COSTS	535
2,504	TOTAL	536
417	CONTINGENCY	22
500	ERPCC LIFE CYCLE ADDITIONS	69
500	MID ARGYLL PFI	73
6,947	FORMULA TOTAL	710
	PROJECT SPECIFIC FUNDING	
TBC	ACT ACCOMMODATION PROJECT	-
500	GRANTOWN HEALTH CENTRE REFURB	235
352	EV CHARGERS	129
852	PROJECT TOTAL	106
7,799	Total	603

CAPITAL

- Funding of £6.947 confirmed for this financial year
- Allocations anticipated in respect of ongoing PFI costs
- The only spend against formula capital relates to historical projects and elements of funding on equipment