



**Meeting:** Highland Health & Social Care Committee  
**Meeting date:** 2 November 2022  
**Title:** HHSCC Finance Report – Month 6 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)

<b>Clinical and Care Excellence</b> <ul style="list-style-type: none"> <li>• Improving health</li> <li>• Keeping you safe</li> <li>• Innovating our care</li> </ul>	<b>Partners in Care</b> <ul style="list-style-type: none"> <li>• Working in partnership</li> <li>• Listening and responding</li> <li>• Communicating well</li> </ul>	√
<b>A Great Place to Work</b> <ul style="list-style-type: none"> <li>• Growing talent</li> <li>• Leading by example</li> <li>• Being inclusive</li> <li>• Learning from experience</li> <li>• Improving wellbeing</li> </ul>	<b>Safe and Sustainable</b> <ul style="list-style-type: none"> <li>• Protecting our environment</li> <li>• In control</li> <li>• Well run</li> </ul>	√ √
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 6 2022/2023 (September).

## 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 Highland Health & Social Care Partnership financial position at Month 6, 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 6.

### .1 List of appendices

- Appendix 1 – Adult Social Care Summary

<b>Meeting:</b>	<b>Highland Health &amp; Social Care Committee</b>
<b>Meeting date:</b>	<b>2 November 2022</b>
<b>Title:</b>	<b>HHSCC Finance Report – Month 6 2022/2023</b>
<b>Responsible Executive/Non-Executive:</b>	<b>Louise Bussell, Chief Officer Highland Community</b>
<b>Report Author:</b>	<b>Elaine Ward, Deputy Director of Finance</b>

## **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 6**

- 2.1 For the six months to the end of September 2022 NHS Highland has overspent against the year to date budget by £19.294m and is forecasting an overspend of £39.922m at financial year end. This is a deteriorating position from that reported in the Month 5 Finance Report presented to the NHS Highland Board and reflects a more pessimistic forecast on savings delivery through to the end of the financial year and a lower than anticipated allocation for Scheduled Care.
- 2.2 The year to date position includes slippage against the CIP of £7.833m with slippage of £15.305m 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 September 2022 (Month 6)**

Current Plan £m	Summary Funding & Expenditure	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
1,087.563	<b>Total Funding</b>	510.208	510.208	-	1,087.563	-
	<b>Expenditure</b>					
403.005	HHSCP	202.425	207.118	(4.693)	415.131	(12.125)
242.835	Acute Services	123.861	136.917	(13.056)	266.151	(23.315)
208.794	Support Services	69.656	70.938	(1.282)	212.802	(4.008)
<b>854.634</b>	<b>Sub Total</b>	<b>395.942</b>	<b>414.973</b>	<b>(19.031)</b>	<b>894.083</b>	<b>(39.449)</b>
232.929	Argyll & Bute	114.267	114.530	(0.264)	233.402	(0.473)
<b>1,087.563</b>	<b>Total Expenditure</b>	<b>510.208</b>	<b>529.503</b>	<b>(19.294)</b>	<b>1,127.485</b>	<b>(39.922)</b>

2.4 Whilst a Recovery Plan has been developed to reduce the forecast overspend at Period 3 the forecast presented above does not reflect the proposed actions. These will flow through to the position when there is certainty around deliverability.

### 3 HHSCP – Period 6

3.1 The HHSCP is reporting an overspend of £4.693m at the end of Period 6 with a year end overspend of £12.125m forecast.

3.2 The forecast position includes slippage of £5.816m 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 September 2022 (Month 6)**

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	<b>HHSCP</b>					
221.790	NH Communities	110.780	115.770	(4.990)	231.660	(9.870)
44.568	Mental Health Services	22.508	22.961	(0.452)	46.037	(1.469)
139.959	Primary Care	69.525	69.407	0.118	140.036	(0.077)
(3.312)	ASC Other includes ASC Income	(0.389)	(1.020)	0.631	(2.603)	(0.709)
<b>403.005</b>	<b>Total HHSCP</b>	<b>202.425</b>	<b>207.118</b>	<b>(4.693)</b>	<b>415.131</b>	<b>(12.125)</b>

**Table 3– HHSCP Financial Position as at 30 September 2022 (Month 6)–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
244.552	HHSCP Health	121.977	125.983	(4.006)	252.756	(8.205)
158.454	Social Care	80.448	81.135	(0.687)	162.374	(3.921)
403.005	<b>Total HHSCP</b>	202.425	207.118	(4.693)	415.131	(12.125)

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

**Table 4– North Highland Communities as at 30 September 2022 (Month 6)**

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
67.750	Inverness & Nairn	33.773	34.179	(0.406)	68.877	(1.128)
47.542	Ross shire & B&S	23.665	24.510	(0.844)	48.798	(1.256)
42.980	Caithness & Sutherland	21.569	21.749	(0.180)	43.741	(0.761)
49.200	Lochaber, SL & WR	24.534	24.478	0.057	49.923	(0.723)
4.739	Management	2.389	5.888	(3.499)	10.489	(5.749)
4.552	Community Other	2.308	2.158	0.150	4.350	0.202
5.027	Hosted Services Includes Midwifery	2.541	2.809	(0.268)	5.482	(0.456)
221.790	<b>Total NH Communities</b>	110.780	115.770	(4.990)	231.660	(9.870)
70.633	Health	35.252	38.349	(3.097)	76.251	(5.619)
151.157	ASC	75.528	77.421	(1.893)	155.409	(4.252)

3.5 A year to date overspend of £4.990m is reported within NH Communities with this forecast to increase to £9.870m by financial year end.

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

- £2.675m 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 September 2022 (Month 6)–split across Health & Adult Social Care**

Annual Plan £m's	Detail	Position to Date			Forecast Outturn	
		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
21.227	<b>Mental Health Services</b>					
	Adult Mental Health	10.574	11.235	(0.661)	23.148	(1.921)
12.450	CMHT	6.180	5.921	0.259	11.880	0.570
5.918	LD	2.957	3.093	(0.135)	6.026	(0.107)
4.973	D&A	2.797	2.711	0.085	4.984	(0.011)
44.568	<b>Total Mental Health Services</b>	22.508	22.961	(0.452)	46.037	(1.469)
33.959	Health	17.199	18.227	(1.027)	36.469	(2.510)
10.608	ASC	5.309	4.734	0.575	9.568	1.040

- 3.8 Mental Health Services are reporting a year to date overspend of £0.452m with this forecast to increase to £1.469m by financial year end.
- 3.9 The overspend within the Health element of Mental Health Services is being driven by unachieved savings (£1.206m), agency costs (£0.899m) within the learning disability and dementia units and ongoing locums within Psychiatry. Ongoing vacancies are mitigating 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 £0.118m with this forecast to move to an overspend of £0.077m by financial year end. Underspends within the Public Dental Service, due to recruitment challenges, is being balanced by increasing locum costs in 2c practices.
- 3.12 ASC Central is forecasting an overspend of £0.709m with ongoing vacancies mitigating the forecast slippage on the Cost Improvement Programme of £1.285m.

#### **4 Savings Programme**

- 4.1 A £3.000m Cost Improvement Programme has been established within ASC. There are currently 5 schemes in the pipeline at this stage in the financial year slippage of £1.285m. This is a deteriorating position from month 5 and reflects pressures in service areas where savings delivery was previously anticipated.
- 4.2 The HHSCP, excluding ASC, has a CIP target of £6.360m. 35 Schemes are in development. Slippage of £4.531m against the CIP is forecast at this time.
- 4.3 There is a significant risk associated with the achievement of the savings targets and the month 6 forecast for NHS Highland overall has increased the slippage forecast from £12.225m at month 5 to £15.305m at month 6.

#### **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).

#### **6 General Update**

- 6.1 Ongoing uncertainty around allocations and the fragile position within Care Homes continues to impact on production of robust financial forecasts. The overall forecast position is based on a number of assumptions. It is assumed that earmarked recurring allocations received in 2021/2022 will be received at the same rate as last FY and an element has also been built into the forecast for enhanced support and additional costs associated with Care Home provision.

- 6.2 Further risks relevant to the overall NHS Highland & Highland Health & Social Care Partnership have been identified as follows:
- **Pay Award** – with the exception of Medical & Dental this has yet to be agreed. Whilst funding has been assumed this has not been confirmed.
  - **Inflation** – continuing to increase with the impact on operational budgets being monitored
  - **Recruitment challenges** – there is an ongoing inability to recruit to required levels in some areas which is leading to increased agency and locum costs.
  - **CIP** – limiting CIP slippage to £15.305m will be challenging.
- 6.3 In addition to these risk a number of issues have materialised and have been built into the forecast position. The development of the Recovery Plan, referred to in para 1.3, is intended to mitigate the impact of these issues.
- **Scheduled Care allocation** – this allocation was approximately £4m less than anticipated.
  - **Slippage on CIP** - £15.305m
  - **Care Home/ Care at Home** – additional support/ responsibility
  - **Impact on 2023/2024**

## 7 Recommendation

- Highland Health & Social Care Committee members are invited to discuss the month 6 and forecast financial position as presented in the paper.

## Appendix 1

Category	Annual Budget £	YTD Budget £	YTD Actual £	YTD Variance £	Year End Forecast £	Year End Forecast £
Care Homes	14,776,796	7,278,933	6,843,632	435,301	14,883,796	(107,000)
Care Homes Isc	32,452,466	16,402,727	16,884,436	(481,709)	33,649,466	(1,197,000)
Older People Other Care	1,150,421	578,490	550,158	28,332	1,087,421	63,000
Older People Other Care Isc	1,206,309	603,526	571,869	31,657	922,309	284,000
People With A Learning Dis	4,413,079	2,299,197	1,735,021	564,176	3,593,079	820,000
People With A Learning Dis Isc	28,845,118	14,418,630	14,331,868	86,762	28,959,118	(114,000)
People With A Learning Dis Sds	5,586,164	2,640,126	3,037,809	(397,683)	6,158,164	(572,000)
People With A Mental Illness	519,712	259,869	146,372	113,496	308,712	211,000
People With Mental Illness Isc	7,149,345	3,575,017	3,491,135	83,882	6,890,345	259,000
People With Mental Illness Sds	740,983	358,613	376,695	(18,082)	783,983	(43,000)
People With A Physical Dis	910,908	454,476	326,831	127,645	729,908	181,000
People With A Physical Dis Isc	4,201,627	2,109,465	2,186,084	(76,619)	4,644,627	(443,000)
People With A Physical Dis Sds	2,676,821	1,321,162	1,289,577	31,584	3,043,821	(367,000)
People Misusing D & A Isc	15,905	7,991	5,065	2,926	9,905	6,000
Community Care Assessment	7,624,913	3,764,775	3,255,687	509,088	6,863,913	761,000
Statutory Consultation	518,000	258,996	258,758	238	518,000	-
Older People Care At Home	14,589,132	7,286,965	7,152,723	134,242	14,405,132	184,000
Older People Care At Home Isc	12,763,189	6,373,218	6,912,768	(539,550)	13,071,189	(308,000)
Older People Care At Home Sds	3,813,896	1,760,343	2,504,438	(744,095)	4,801,896	(988,000)
Reablement	380,075	190,062	114,294	75,768	380,075	-
Telecare	888,774	475,178	391,882	83,296	748,774	140,000
Support Services	1,730,151	862,912	759,507	103,405	1,540,151	190,000
Directorate And Strategic Plan	44,332	(77,834)	76,946	(154,780)	240,332	(196,000)
Housing Support	6,090,712	3,045,342	3,000,197	45,145	5,991,712	99,000
Budget Savings/pressures	(3,822,498)	(1,497,385)	(369,970)	(1,127,415)	(662,498)	(3,160,000)
Management And Planning	5,095,745	1,797,530	1,466,780	330,749	4,716,745	379,000
Home Care Service - Hq	-	1	-	1	-	-
Carers Support	512,445	512,445	512,445	-	512,445	-
Covid 19 Asc	3,195,173	3,195,173	3,199,452	(4,279)	3,195,173	-
Older People Older Care Isc	383,919	191,956	122,665	69,291	383,919	-
<b>Total Adult Social Care</b>	<b>158,453,611</b>	<b>80,447,898</b>	<b>81,135,124</b>	<b>(687,226)</b>	<b>162,374,611</b>	<b>(3,921,000)</b>