

NHS Highland



Meeting: Highland Health & Social Care Committee
Meeting date: 17 January 2024
Title: Finance Report – Month 8 2023/2024
Responsible Executive/Non-Executive: Pam Cremin, 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):

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 8 2023/2024 (November 2023).

2.2 Background

NHS Highland submitted a financial plan to Scottish Government for the 2023/2024 financial year in March 2023. An initial budget gap of £98.172m was presented with a Cost Improvement Programme of £29.500m proposed, leaving a residual gap of

£68.672m; work is ongoing, within the Board and nationally to look at options and schemes to close this gap. Scottish Government provided additional funding and the Board is now looking to deliver a financial deficit of no more than £55.800m. This report summarises the position at Month 8, provides a forecast through to the end of the financial year and highlights the current and ongoing service pressures.

2.3 Assessment

For the period to end November 2023 (Month 8) an overspend of £11.149m is reported within the Health & Social Care Partnership. This overspend is forecast to increase to £14.984m by the end of the financial year..

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 current progress on savings 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 2023/2024 and beyond and are providing additional support to develop initiatives to reduce the cost base both nationally and within individual Boards. NHS Highland is receiving dedicated tailored support to assist in response to the size of the financial challenge.

3.4 Risk Assessment/Management

There is a risk that NHS Highland will overspend on its 2023/2024 revenue budget by more than the current forecast of £55.975m with this risk replicated within the HHSCP. The forecast assumes slippage against the CIP of £13.768m – there is a risk associated with CIP delivery at this level. The forecast is also dependent on assumptions around funding and expenditure. The Board continues to look for opportunities both locally and nationally to bring the recurrent cost base down.

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
- FRPC

4 Recommendation

Discussion – Examine and consider the implications of the matter.

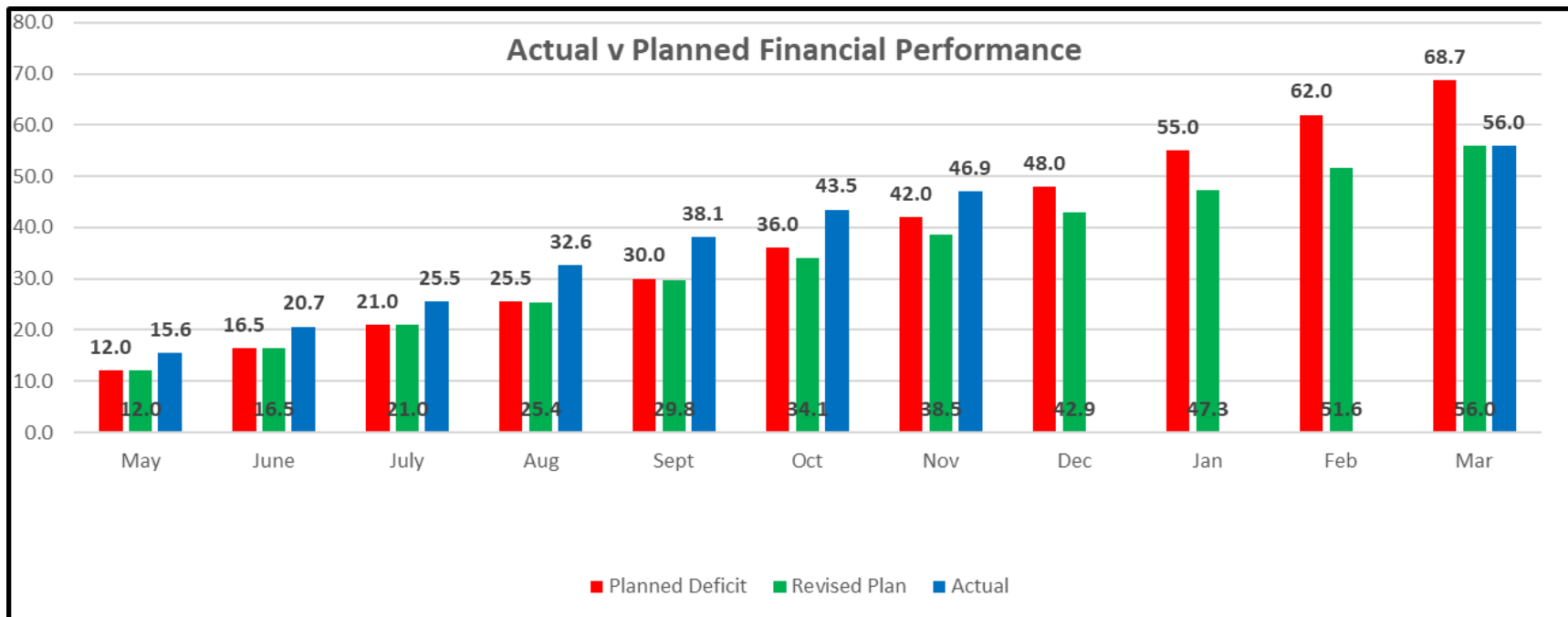
4.1 List of appendices

The following appendices are included with this report:

No appendices accompany this report

HHSCC Finance Report – Month 8 (November 2023)

MONTH 8 2023/2024 – NOVEMBER 2023



Financial Recovery Plan actions

Target	YTD £m	Forecast £m
Delivery against Revenue Resource Limit (RRL) DEFICIT/ SURPLUS	46.9	56.0
Delivery against Financial Plan DEFICIT/ SURPLUS	4.9	12.7
Deliver against Cost Improvement target DEFICIT/ SURPLUS	11.9	13.8

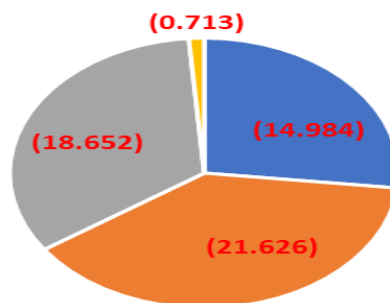
Forecast year end deficit of £55.975m
Forecast slippage against CIP £13.768m

MONTH 8 2023/2024 – NOVEMBER 2023



Current Plan £m	Current Budget £m	Summary Funding & Expenditure	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
1,161.384	1,161.384	Total Funding	748.540	748.540	-	1,161.384	-
		Expenditure					
450.867	449.206	HHSCP	298.070	309.219	(11.149)	464.190	(14.984)
310.154	296.970	Acute Services	197.447	211.922	(14.475)	318.596	(21.626)
205.661	149.855	Support Services	85.412	106.153	(20.741)	168.507	(18.652)
966.681	896.031	Sub Total	580.929	627.294	(46.365)	951.294	(55.262)
263.375	265.352	Argyll & Bute	167.610	168.194	(0.583)	266.065	(0.713)
1,230.056	1,161.384	Total Expenditure	748.540	795.488	(46.948)	1,217.359	(55.975)
(68.672)	-	Planned Deficit	-	-	-	-	-
1,161.384		Total Expenditure			(46.948)	55.975	(55.975)

Forecast Deficit by Operational Area



■ HHSCP ■ Acute Services ■ Support Services ■ Argyll & Bute

MONTH 8 2023/2024 SUMMARY

- YTD overspend of £46.948m reported
- Forecast to increase to £55.975m at end of the 2023/2024 FY
- YTD position includes slippage against the CIP of £11.857m
- Cost improvements of £15.732m included within operational year end forecasts – slippage of £13.768m against the £29.500m plan
- Forecast is £12.697m better than that presented within the financial plan
- Forecast assumes delivery of actions within Financial Recovery Plan this includes support to balance the ASC forecast overspend

KEY RISKS



- Supplementary staffing – not seen reduction that had been anticipated
- Prescribing & drugs costs – actual information still a number of months behind
- Adult Social Care pressures – accelerating in a number of areas
- Continuing impact of high inflation rate
- Mental Health Out of Area placements
- Delivery of savings
- Delivery of actions within Recovery Plan –support with ASC overspend (£3.642m forecast overspend)

MITIGATIONS



- Reduced support/ sustainability packages
- Reduction in planned spend (review of business cases/ pressures)
- Non-recurrent VAT rebates
- Additional SG Funding – Sustainability & NRAC Parity and New Medicines Funding
- Financial Recovery Plan

MONTH 8 2023/2024 – NOVEMBER 2023



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	HHSCP					
252.139	NH Communities	168.389	173.845	(5.457)	260.936	(8.798)
50.912	Mental Health Services	33.921	38.938	(5.017)	56.266	(5.354)
150.512	Primary Care	100.176	101.596	(1.420)	152.810	(2.298)
(4.357)	ASC Other includes ASC Income	(4.416)	(5.161)	0.745	(5.822)	1.466
449.206	Total HHSCP	298.070	309.219	(11.149)	464.190	(14.984)
	HHSCP					
275.175	Health	183.510	192.099	(8.590)	286.517	(11.342)
174.031	Social Care	114.561	117.119	(2.559)	177.673	(3.642)
449.206	Total HHSCP	298.070	309.219	(11.149)	464.190	(14.984)

	In Month £'000	YTD £'000
Locum	670	5,715
Agency	547	4,625
Bank	843	6,232
Total	2,059	16,572

HHSCP

- YTD overspend of £11.149m reported
- Forecast that this will increase to £14.984m by financial year end
- Slippage of £5.279m against the CIP reported in the YTD position with £6.379m of slippage built into the year end forecast
- Continuing pressure with agency nursing and locum usage within Mental Health and in-house Care Homes and 2C practices - £16.572m incurred YTD
- A £2.100m prescribing pressure is forecast due to an increase in both the cost of drugs and volume of scripts being issued

MONTH 8 2023/2024 – NOVEMBER 2023



Current Plan £000	Detail	Plan to Date £000	Actual to Date £000	Variance to Date £000	Forecast Outturn £000	Var from Curr Plan £000
74.047	Inverness & Nairn	49.237	50.170	(0.933)	75.949	(1.902)
53.430	Ross-shire & B&S	35.738	37.287	(1.549)	55.299	(1.869)
46.543	Caithness & Sutherland	31.175	32.570	(1.395)	48.856	(2.313)
54.949	Lochaber, SL & WR	36.726	37.191	(0.465)	56.096	(1.147)
10.232	Management	6.758	7.877	(1.118)	11.661	(1.429)
7.163	Community Other AHP	4.803	4.479	0.324	6.760	0.402
5.775	Hosted Services	3.951	4.272	(0.321)	6.314	(0.539)
252.139	Total NH Communities	168.389	173.845	(5.457)	260.936	(8.798)

NORTH HIGHLAND COMMUNITIES

- £8.798m overspend forecast at FYE - £2.999m within Health and £5.799m within ASC
- Unfunded services within Chronic Pain and Enhanced Community Services continue to drive the forecast overspend
- As in all other areas supplementary staffing is creating a pressure – particularly in in-house care homes (£1.194m)
- Position includes full year slippage on the health element of the CIP of £1.911m

MONTH 8 2023/2024 – NOVEMBER 2023



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					
23.625	Adult Mental Health	15.818	18.612	(2.794)	26.876	(3.251)
14.101	CMHT	9.287	9.229	0.057	13.724	0.377
6.812	LD	4.693	6.292	(1.599)	8.671	(1.860)
6.374	D&A	4.123	4.804	(0.681)	6.994	(0.620)
50.912	Total Mental Health Services	33.921	38.938	(5.017)	56.266	(5.354)

MENTAL HEALTH SERVICES

- Overspend of £5.354m forecast at FYE
- Locum costs and agency nursing continue to be the main drivers behind the forecasts overspend – both areas were focused areas of work within the 3 Horizons programme to deliver cost reductions/improvements – reductions have not materialised at the level initially projected
- Slippage of £1.338m against the CIP included within the forecast

MONTH 8 2023/2024 – NOVEMBER 2023



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					
55.728	GMS	37.159	37.885	(0.726)	56.659	(0.931)
63.823	GPS	42.934	44.354	(1.421)	65.944	(2.121)
22.049	GDS	14.548	13.918	0.631	21.334	0.715
4.887	GOS	3.472	3.475	(0.003)	4.894	(0.007)
4.025	PC Management	2.063	1.964	0.099	3.979	0.046
150.512	Total Primary Care	100.176	101.596	(1.420)	152.810	(2.298)

PRIMARY CARE

- £2.298m overspend at FYE forecast
- Prescribing continues to present a challenging position with a £2.100m overspend built into the year end forecast
- Locum costs within 2C practices continue to be the other main driver for the forecast overspend position - £2.400m incurred ytd
- £1.234m slippage against CIP within the year end forecast

MONTH 8 2023/2024 – NOVEMBER 2023



Services Category	Annual Budget £000's	YTD Budget £000's	YTD Actual £000's	YTD Variance £000's	Forecast £000's	YE Variance £000's
Total Older People - Residential/Non Residential Care	58.518	38.799	38.548	0.251	57.455	1.063
Total Older People - Care at Home	34.364	22.896	24.406	(1.511)	36.387	(2.023)
Total People with a Learning Disability	41.535	27.801	29.101	(1.301)	44.291	(2.756)
Total People with a Mental Illness	8.322	5.491	5.548	(0.057)	8.171	0.151
Total People with a Physical Disability	8.256	5.535	5.426	0.110	9.006	(0.750)
Total Other Community Care	18.535	12.178	12.134	0.044	18.526	0.009
Total Support Services	5.024	2.210	2.941	(0.731)	4.774	0.250
Care Home Support/Sustainability Payments	-	-	(0.502)	0.502	(0.166)	0.166
Total Adult Social Care Services	174.555	114.910	117.602	(2.692)	178.444	(3.889)
Total ASC less Estates	174.031	114.561	117.119	(2.559)	177.673	(3.642)

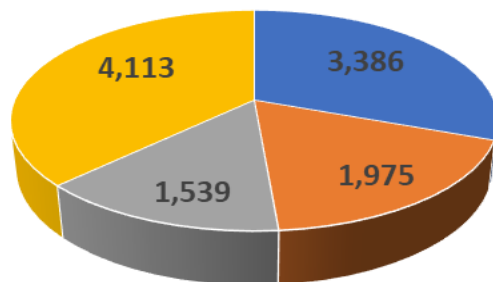
Care Home	YTD Actuals
Ach-an-eas	19
Bayview House	30
Caladh Sona	13
Grant House	59
Home Farm Portree	640
Invernevis House	31
Lochbroom House	21
Mackintosh Centre	3
Mains House Care Home	248
Melvich Centre	4
Pulteney House	12
Strathburn House	35
Telford Centre	17
Wade Centre	64
Total	1,194

ADULT SOCIAL CARE

- Slippage of £2.215m on the CIP has been built into the year end forecast
- £1.194m expenditure on agency nursing incurred to date within NHS Highland care homes
- £1.741m forecast full year spend on sustainability packages to ensure continuity of service provision
- Position assumes funding held by Highland Council from the 2021/2022 financial year will be drawn down in full – £9.734m
- The updated Financial Recovery Plan assumes that the ASC overspend will be supported to reduce the NHS Highland overspend position at year end – there is a risk to the overall delivery of the revised NHS Highland target if this does not progress

MONTH 8 2023/2024 – NOVEMBER 2023

HHSCP Cost Improvement Programme
£000s



■ NH Communities ■ Mental Health ■ Primary Care ■ ASC

HHSCP	Target £000s	Forecast £000s	Variance £000s
NH Communities	3,386	1,475	(1,911)
Mental Health	1,975	637	(1,338)
Primary Care	1,539	305	(1,234)
ASC	4,113	2,215	(1,898)
TOTAL	11,012	4,632	(6,379)

HHSCP COST IMPROVEMENT

- £11.012m target set for HHSCP CIP
- At the end of Month 8 slippage of £5.279m against the CIP is reported
- Slippage of £6.379m is built into the year end forecast
- There is an ongoing risk around non delivery of cost improvements/reductions
- The CIP was built in the main with an anticipation that medical locum and agency nursing costs would be reduced significantly – unfortunately progress in this area has been limited
- Ongoing service pressures within ASC has limited progress on delivery of savings

ASSURANCE OF PROGRESS 22 DECEMBER 2023

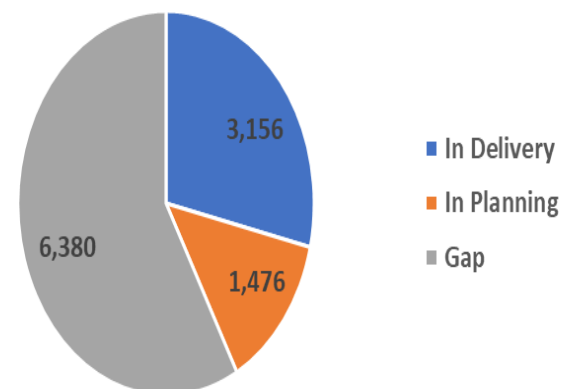


HORIZON 1

	Target	Value of Schemes In Delivery (YTD + Forecast)	% of Target Achieved (YTD Forecast)	Value of Schemes In Planning Stage (In Year Estimate)	Total	Gap (Target) - (In Delivery + In Planning)	% of Target Achieved (In Delivery + In Planning)	Count of Schemes with No Value	Total Count of Schemes	% of Schemes With No Value
HHSCP										
Mental Health	930	280	30%	347	627	-303	67%	0	7	0%
N. Highland Community Services & Primary Care	5,617	1,761	31%	-11	1,750	-3,867	31%	5	22	23%
HHSCP-Health Unallocated	352	0	0%	0	0	-352	0%			
Adult social care	4,113	1,120	27%	1,095	2,215	-1,898	54%	2	6	33%
Unit-wide										
HHSCP Sub-Total	11,012	3,161	29%	1,431	4,592	-6,420	42%	7	35	20%

Workstream	No of Schemes	Value of Schemes in Delivery £000s	Value of Schemes in Planning £000s
ASC	1	400	-
Estates - Energy	1	5	0
Other Non-Pay	8	640	176
Prescribing	1	175	-
Procurement	1	6	-
Service Redesign and Reform	4	-	820
Unidentified	3	141	-
Workforce - Medical Locums	2	77	300
Workforce - Nursing Agency	2	-	180
Workforce - Permanent Staff	12	1,712	-
TOTAL	35	3,156	1,476

HHSCP Savings - Month 8 (£000s)



2024/2025 BUDGET - ASC



2024/2025 Estimate at M7

	£m		£m		£m
Estimated Expenditure	177.977	Quantum	131.729	Emerging Gap	22.795
		NHS Highland/SG	32.725		
Inflation/ Activity/ Pay Award Uplifts	9.273				
	<u>187.249</u>		<u>164.454</u>		

2024/2025 Estimate at M7

	£m		£m		£m
Estimated Expenditure	177.977	Quantum	131.729	Emerging Gap	23.913
		NHS Highland/SG	32.725		
Inflation/ Activity/ Pay Award Uplifts	10.390				
	<u>188.367</u>		<u>164.454</u>		

- All reserves held by Highland Council for ASC will have been exhausted by the end of the 2023/2024 financial year
- The scenarios presented have been based on 2 sets of initial assumptions
- At this stage a funding gap in the region of £22.795m to £23.913m is estimated
- This draft plan will be revisited alongside the development of the NHS Highland financial plan