

# NHS Highland



**Meeting:** Highland Health & Social Care Committee

**Meeting date:** 6 March 2024

**Title:** Finance Report – Month 10 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 10 2023/2024 (January 2024).

### 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 - further additional funding is anticipated and reflected in the forecast position at financial year end. This report summarises the position at Month 10, 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 January 2024 (Month10) an overspend of £13.210m is reported within the Health & Social Care Partnership. This overspend is forecast to increase to £14.963m 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 £39.055m with this risk replicated within the HHSCP. The forecast assumes slippage against the CIP of £15.855 – 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**

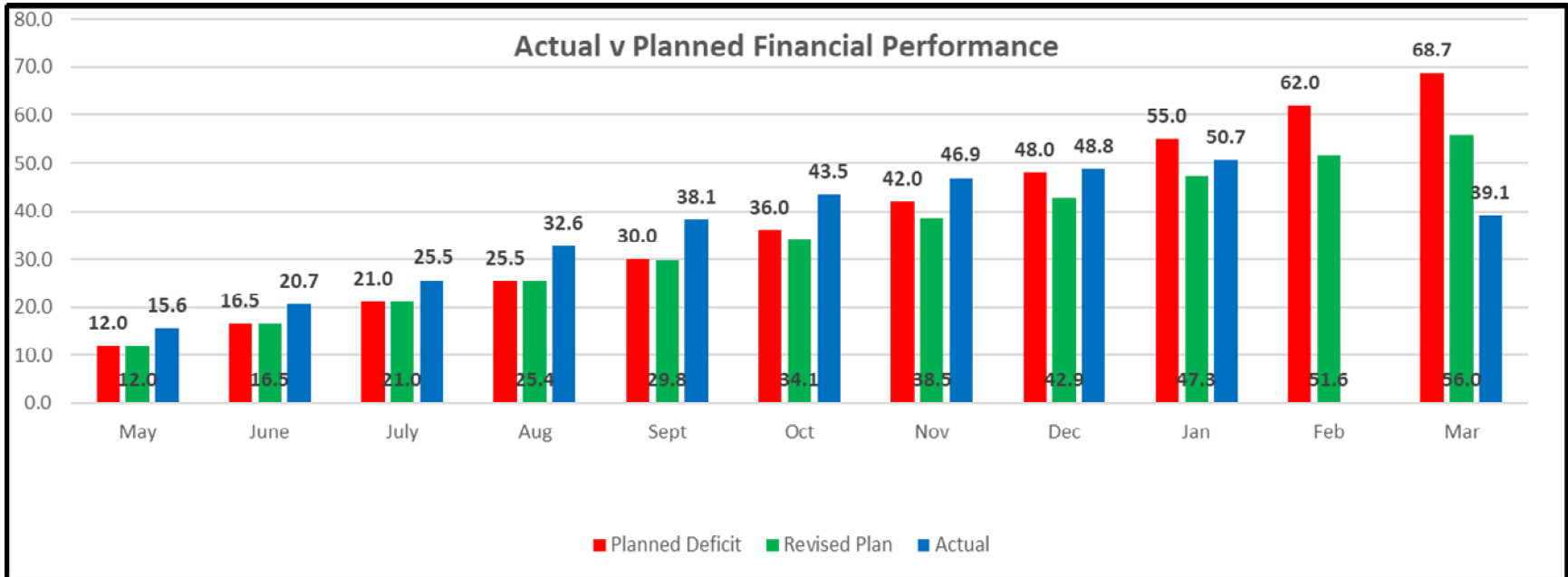
The following appendices are included with this report:

Associate Presentation

# HHSCC Finance Report – Month 10 (January 2024)

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# MONTH 10 2023/2024 – JANUARY 2024



Target	YTD £m	Forecast £m
Delivery against Revenue Resource Limit (RRL) DEFICIT/ SURPLUS	50.7	39.1
Delivery against Financial Plan DEFICIT/ SURPLUS	4.3	29.6
Deliver against Cost Improvement target DEFICIT/ SURPLUS	14.3	15.9

Forecast year end deficit of £39.055m  
Forecast slippage against CIP £15.855m

# MONTH 10 2023/2024 – JANUARY 2024

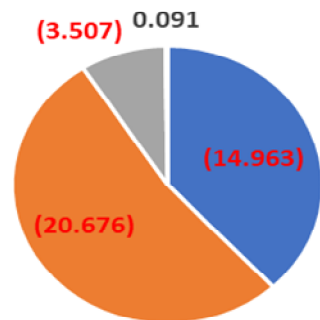


Current Plan £m	Current Budget £m	Summary Funding & Expenditure	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
1,163.211	1,163.211	<b>Total Funding</b>	951.713	951.713	-	1,163.211	-
		<b>Expenditure</b>					
450.867	452.760	HHSCP	374.695	387.906	(13.210)	467.723	(14.963)
310.154	296.997	Acute Services	246.380	264.383	(18.004)	317.673	(20.676)
207.487	149.145	Support Services	113.980	133.685	(19.705)	152.652	(3.507)
<b>968.508</b>	<b>898.902</b>	<b>Sub Total</b>	<b>735.055</b>	<b>785.974</b>	<b>(50.919)</b>	<b>938.047</b>	<b>(39.146)</b>
263.375	<b>264.309</b>	Argyll & Bute	<b>216.658</b>	<b>216.442</b>	<b>0.216</b>	264.218	<b>0.091</b>
<b>1,231.883</b>	<b>1,163.211</b>	<b>Total Expenditure</b>	<b>951.713</b>	<b>1,002.416</b>	<b>(50.704)</b>	<b>1,202.265</b>	<b>(39.055)</b>
(68.672)	-	<b>Planned Deficit</b>	-	-	-	-	
<b>1,163.211</b>		<b>Total Expenditure</b>					

## MONTH 10 2023/2024 SUMMARY

- YTD overspend of £50.704m reported
- Forecast to reduce to £39.055m at end of the 2023/2024 FY – due to application of anticipated additional SG funding
- YTD position includes slippage against the CIP of £14.288m
- Cost improvements of £13.645m included within operational year end forecasts – slippage of £15.855m against the £29.500m plan
- Forecast is £29.617m better than that presented within the financial plan
- Forecast continues to assume support to balance the ASC forecast overspend

Forecast Deficit by Operational Area



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

## KEY RISKS



- Supplementary staffing – reduction in spend not as anticipated. Still at a static level
- Prescribing & drugs costs – information now up to date but still a pressure area
- 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
- Support with ASC 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. Plus further benefit from UK consequential funding
- Financial Recovery Plan

# MONTH 10 2023/2024 – JANUARY 2024



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>					
253.466	NH Communities	210.846	216.828	(5.982)	261.252	(7.785)
51.297	Mental Health Services	42.527	48.357	(5.830)	57.373	(6.076)
152.492	Primary Care	126.806	128.782	(1.975)	154.849	(2.357)
(4.496)	ASC Other includes ASC Income	(5.484)	(6.061)	0.577	(5.751)	1.255
<b>452.760</b>	<b>Total HHSCP</b>	<b>374.695</b>	<b>387.906</b>	<b>(13.210)</b>	<b>467.723</b>	<b>(14.963)</b>
	<b>HHSCP</b>					
278.283	Health	231.065	241.241	(10.176)	289.799	(11.516)
174.477	Social Care	143.630	146.665	(3.035)	177.924	(3.446)
<b>452.760</b>	<b>Total HHSCP</b>	<b>374.695</b>	<b>387.906</b>	<b>(13.210)</b>	<b>467.723</b>	<b>(14.963)</b>

	In Month £'000	YTD £'000
<b>Locum</b>	638	7,056
<b>Agency</b>	577	5,687
<b>Bank</b>	703	7,629
<b>Total</b>	<b>1,918</b>	<b>20,373</b>

## HHSCP

- YTD overspend of £13.210m reported
- Forecast that this will increase to £14.963m by financial year end – deterioration of £0.288m from Month 9
- Slippage of £6.127mm against the CIP reported in the YTD position with £7.051m of slippage built into the year end forecast
- Continuing pressure with agency nursing and locum usage within Mental Health, in-house Care Homes and 2C practices - £20.373m incurred YTD
- A £2.300m prescribing pressure is forecast due to an increase in both the cost of drugs and volume of scripts being issued.



# MONTH 10 2023/2024 – JANUARY 2024



Current Plan £000	Detail	Plan to Date £000	Actual to Date £000	Variance to Date £000	Forecast Outturn £000	Var from Curr Plan £000
74.116	Inverness & Nairn	61.825	62.938	(1.113)	76.226	(2.110)
53.660	Ross-shire & B&S	44.794	46.259	(1.465)	55.607	(1.946)
46.755	Caithness & Sutherland	39.015	40.550	(1.535)	48.790	(2.035)
55.016	Lochaber, SL & WR	45.824	46.552	(0.728)	55.498	(0.482)
10.935	Management	8.487	9.621	(1.134)	12.117	(1.182)
7.170	Community Other AHP	5.988	5.580	0.408	6.672	0.498
5.814	Hosted Services	4.912	5.327	(0.415)	6.343	(0.529)
<b>253.466</b>	<b>Total NH Communities</b>	<b>210.846</b>	<b>216.828</b>	<b>(5.982)</b>	<b>261.252</b>	<b>(7.785)</b>

## NORTH HIGHLAND COMMUNITIES

- £7.758m overspend forecast at FYE
- £0.615m pressure from 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 (£1.503m)
- Forecast position includes slippage of £1.813m against the health element of the North Highland Communities CIP target

# MONTH 10 2023/2024 – JANUARY 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
	<b>Mental Health Services</b>					
23.756	Adult Mental Health	19.751	23.110	(3.359)	27.441	(3.684)
14.095	CMHT	11.580	11.530	0.050	13.705	0.390
7.076	LD	5.882	7.654	(1.772)	9.066	(1.990)
6.370	D&A	5.314	6.064	(0.750)	7.161	(0.791)
<b>51.297</b>	<b>Total Mental Health Services</b>	<b>42.527</b>	<b>48.357</b>	<b>(5.830)</b>	<b>57.373</b>	<b>(6.076)</b>

## MENTAL HEALTH SERVICES

- Overspend of £6.076m forecast at FYE
- Locum costs and agency nursing continue to be the main drivers behind the forecasts overspend
- This has impacted on the operational position and the delivery of the savings target
- Forecast position includes slippage of £1.257m against the CIP target

# MONTH 10 2023/2024 – JANUARY 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
	<b>Primary Care</b>					
56.527	GMS	46.892	47.779	(0.887)	57.402	(0.874)
<b>64.573</b>	GPS	53.822	55.777	(1.955)	66.879	(2.306)
<b>22.049</b>	GDS	18.713	17.936	0.777	21.335	0.714
<b>5.237</b>	GOS	4.518	4.522	(0.005)	5.244	(0.007)
<b>4.105</b>	PC Management	2.863	2.768	0.094	3.989	0.116
<b>152.492</b>	<b>Total Primary Care</b>	<b>126.806</b>	<b>128.782</b>	<b>(1.975)</b>	<b>154.849</b>	<b>(2.357)</b>

## PRIMARY CARE

- £2.357m overspend at FYE forecast
- Prescribing continues to present a challenging position with a £2.300m overspend built into the year end forecast
- Locum costs within 2C practices continue to be the other main driver for the forecast overspend position
- £1.264m slippage against CIP within the year end forecast

# MONTH 10 2023/2024 – JANUARY 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	58.647	48.531	47.777	0.755	57.277	1.370
Total Older People - Care at Home	34.330	28.640	30.342	(1.702)	36.257	(1.927)
Total People with a Learning Disability	41.636	34.709	36.542	(1.833)	44.361	(2.725)
Total People with a Mental Illness	8.276	6.881	6.911	(0.030)	8.226	0.051
Total People with a Physical Disability	8.334	6.953	7.147	(0.194)	9.199	(0.864)
Total Other Community Care	19.398	15.381	15.081	0.300	18.949	0.449
Total Support Services	4.379	2.970	3.830	(0.861)	4.779	(0.400)
Care Home Support/Sustainability Payments	-	-	(0.371)	0.371	(0.366)	0.366
<b>Total Adult Social Care Services</b>	<b>175.001</b>	<b>144.067</b>	<b>147.260</b>	<b>(3.193)</b>	<b>178.682</b>	<b>(3.681)</b>
<b>Total ASC less Estates</b>	<b>174.477</b>	<b>143.630</b>	<b>146.665</b>	<b>(3.035)</b>	<b>177.924</b>	<b>(3.446)</b>

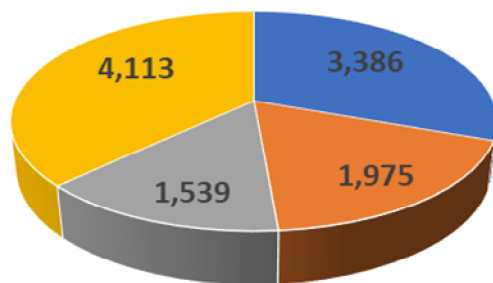
Care Home	YTD Actual
Ach-an-eas	23
Bayview House	30
Caladh Sona	13
Grant House	71
Home Farm Portree	746
Invernevis House	32
Lochbroom House	25
Mackintosh Centre	3
Mains House Care Home	404
Melvich Centre	4
Pulteney House	12
Strathburn House	46
Telford Centre	17
Wade Centre	75
<b>Grand Total</b>	<b>1,503</b>

## ADULT SOCIAL CARE

- Slippage of £2.718m on the CIP has been built into the year end forecast
- £1.503m expenditure on agency nursing incurred to date within NHS Highland care homes
- £1.501m 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
- Overall NHS Highland year end forecast continues to assume financial support in respect of the forecast overspend within ASC

# MONTH 10 2023/2024 – JANUARY 2023

HHSCP Cost Improvement Programme  
£000s



■ NH Communities ■ Mental Health ■ Primary Care ■ ASC

HHSCP	Target £000	Forecast £000	Variance £000
NH Communities	3,386	1,573	(1,813)
Mental Health	1,975	718	(1,257)
Primary Care	1,539	275	(1,264)
ASC	4,113	1,395	(2,718)
<b>Total</b>	<b>11,012</b>	<b>3,961</b>	<b>(7,051)</b>

## HHSCP COST IMPROVEMENT

- £11.012m target set for HHSCP CIP
- At the end of Month 10 slippage of £6.127m against the CIP is reported
- Slippage of £7.051m 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 – progress in this area has been limited
- Ongoing service pressures within ASC has limited progress on delivery of savings

# ASSURANCE OF PROGRESS 23 FEBRUARY 2024



## 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
<b>HHSCP</b>										
Mental Health	930	450	48%	50	500	-430	54%	0	4	0%
N. Highland Community Services & Primary Care	5,617	1,962	35%	137	2,099	-3,518	37%	0	22	0%
HHSCP-Health Unallocated	352	0	0%	0	0	-352	0%	0	0	0%
Adult social care	4,113	1,395	34%	0	1,395	-2,718	34%	0	3	0%
Unit-wide										
<b>HHSCP Sub-Total</b>	<b>11,012</b>	<b>3,807</b>	<b>35%</b>	<b>187</b>	<b>3,994</b>	<b>-7,018</b>	<b>36%</b>	<b>0</b>	<b>29</b>	<b>0%</b>

Workstream	No of Schemes	Value of Schemes in Delivery £000	Value of Schemes in Planning £000
ASC	1	400	
Estates - Energy	1	5	
Other Non-Pay	5	566	6
Prescribing	1	175	
Procurement	1	6	
Service Redesign & Reform	1	-	37
Unidentified	3	141	
Workforce - Medical Locums	2	327	50
Workforce - Nursing Agency	2	80	
Workforce - Permanent Staff	12	2,106	94
<b>Total</b>	<b>29</b>	<b>3,807</b>	<b>187</b>

