

NHS Highland



Meeting: NHS Highland Board Meeting
Meeting date: 30 May 2023
Title: Finance Report – Month 12 2022/2023 Update and 2023/2024 Financial Plan
Responsible Executive/Non-Executive: Heledd Cooper, Director of Finance
Report Author: Elaine Ward, Deputy Director of Finance

1 Purpose

This is presented to the Board for:

- Decision
- Discussion

This report relates to a:

- 5 Year Strategy, Together We Care, with you, for you
- Annual Operation Plan

This report will align to the following NHS Scotland 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 Strategy Wells	X		

2 Report summary

2.1 Situation

This report is presented to enable discussion on the draft NHS Highland financial position at Month 12 2022/2023 (March 2023), to seek Board approval to request

brokerage from Scottish Government and to enable discussion and approval of the Financial Plan for the 2023/2024 financial year.

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. An initial budget gap of £42.272m was presented with a Cost Improvement Programme of £26.000m proposed. No funding source was identified to close the residual gap of £16.272m. This report summarises the current position at Month 12 and seeks approval from the NHS Highland Board to request financial brokerage from Scottish Government to enable delivery of a breakeven financial position for 2022/2023.

During March 2023 a 3 year Financial Plan was submitted to Scottish Government. Details of this plan are presented within this paper. Discussion around this submission is ongoing with SG with the expectation that plans will be put in place to mitigate the financial challenge presented.

2.3 Assessment

For the financial year to 31 March 2023 an overspend of £15.891m is reported. Brokerage of £16.272m, if approved, will allow delivery of an underspend of £0.381m.

2023/2024 presents a significant financial challenge to NHS Highland. At this stage the availability of brokerage has not been confirmed and the cost improvement programme is still in development. Delivery of a cost improvement programme of £29.500m will be challenging and will only be delivered through strong leadership and support of the NHS Highland Board and Scottish Government as plans develop.

2.4 Proposed level of Assurance

This report proposes the following level of assurance:

Substantial	<input type="checkbox"/>	Moderate	<input checked="" type="checkbox"/>
Limited	<input type="checkbox"/>	None	<input type="checkbox"/>

It is only possible to give moderate assurance at this time as the position is subject to change as final adjustments are processed and the formal year end audit process has still to be undertaken.

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 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 Quality Impact Assessment tool the impact of savings on these areas is assessed.

3.3 Financial

Scottish Government has recognised the financial challenge on all Boards for 2022/2023 and beyond and are providing additional support to develop initiatives to reduce the cost base both nationally and within individual Boards.

3.4 Risk Assessment/Management

For 2022/2023 there is a risk that the position will change as final adjustments are processed and the audit process is undertaken. The final position will impact on 2023/2024 and the impact will be reflected in financial reports presented to FRP committee and the NHS Highland Board in 2023/2024.

In respect of the 2023/2024 Financial Plan there is a risk NHS Highland will overspend on its 2023/2024 revenue budget by more than £68.672m if a robust cost improvement programme is not developed. The Board continues to look for opportunities both locally and nationally to bring the cost base down.

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
- Monthly 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.

- EDG
- Monthly financial reporting to Scottish Government

4 Recommendation

Discussion – Examine and consider the implications of the matter.

4.1 List of appendices

The following appendices are included with this report:

- Appendix 1 – Capital Expenditure at Month 12
- Appendix 2 – Board Funding Uplifts
- Appendix 3 – NHS Highland - Funding Uplift 3 Year Projection
- Appendix 4 – Inflation Assumptions
- Appendix 5 – Inflation Pressures
- Appendix 6 – 2023/2024 Cost Pressures
- Appendix 7 – 2023/2024 Additional Costs
- Appendix 8 – Sustainability & Value – Financial Improvement Group – Overview
- Appendix 9 – Indicative Cost Reduction Proposals
- Appendix 10 – 2023/2024 Pressures – Scotland Wide
- Appendix 11 – 2023/2024 Pressures – NHS Highland

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2022/2023 Financial Year

1 Financial Plan

1.1 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. An initial budget gap of £42.272m was presented with a Cost Improvement Programme of £26.000m proposed. At the time of submission no funding source was identified to close the residual gap of £16.272m. This report summarises the draft position at Month 12 and seeks approval that NHS Highland request financial brokerage, of £16.272m, in line with the gap identified in the original Financial Plan submission, to allow delivery of a balance financial position for the 2022/2023 financial year.

2 Draft Year End Financial Position

2.1 Without taking brokerage into account an overspend of £15.891m is reported against a budget of £1,115.809m (1.42%). Final year end adjustments are still being processed and the year end audit process has yet to be undertaken, this position is, therefore, subject to change.

2.2 SG expectations were that Boards would deliver a financial position for 2023/2024 at least in line with the financial plan submitted in March 2022. The NHS Highland submission anticipated a gap of £16.272m. The position currently being reported is £0.381m less than that set out in March 2022.

2.3 Should the NHS Highland Board approve the request of brokerage this would enable delivery of an underspend position of £0.381m. Discussions with Scottish Government have confirmed that this support will be available.

- 2.5 A breakdown of the year end position, assuming receipt of brokerage, is detailed in Table 1.

Table 1 – Summary Income and Expenditure Report as at 31 March 2023

Current Plan £m	Summary Funding & Expenditure	Plan to Date £m	Actual to Date £m	Variance to Date £m
1,132.081	Total Funding	1,132.081	1,132.081	-
	<u>Expenditure</u>			
430.004	HHSCP	430.004	436.805	(6.800)
263.937	Acute Services	263.937	288.819	(24.883)
195.643	Support Services	195.643	163.579	32.064
889.585	Sub Total	889.585	889.203	0.381
242.496	Argyll & Bute	242.496	242.496	-
1,132.081	Total Expenditure	1,132.081	1,131.699	0.381
	Surplus/(Deficit) Mth 12			0.381

- 2.6 A breakdown of the position by unachieved savings and the net operational position is detailed in Table 2.

Table 2 – Breakdown of Year End Position & Forecast

Current Plan £m	Summary Funding & Expenditure	Plan to Date £m	Actual to Date £m	Variance to Date £m	Operational (Over)/ Under	Savings
1,132.081	Total Funding	1,132.081	1,132.081	-		
	<u>Expenditure</u>					
430.004	HHSCP	430.004	436.805	(6.800)	(0.672)	(6.129)
263.937	Acute Services	263.937	288.819	(24.883)	(18.824)	(6.059)
195.643	Support Services	195.643	163.579	32.064	34.491	(2.427)
889.585	Sub Total	889.585	889.203	0.381	14.996	(14.614)
242.496	Argyll & Bute	242.496	242.496	-	1.484	(1.484)
1,132.081	Total Expenditure	1,132.081	1,131.699	0.381	16.480	(16.099)
	Surplus/(Deficit) Mth 12	-	(0.381)	0.381	16.480	(16.099)

3 Highland Health & Social Care Partnership

- 3.1 The HHSCP is reporting a year end overspend of £6.800 - £6.778m within Health and £0.022m in Adult Social Care. The Adult Social Care position has been supported by drawing down funding held by Highland Council over the 2021/2022 financial year end.

Table 3 – HHSCP Breakdown as at 31 March 2023

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	HHSCP			
234.002	NH Communities	234.002	240.518	(6.516)
49.592	Mental Health Services	49.592	50.617	(1.025)
146.698	Primary Care	146.698	147.451	(0.753)
(0.287)	ASC Other includes ASC Income	(0.287)	(1.781)	1.494
430.004	Total HHSCP	430.004	436.805	(6.800)
	HHSCP			
262.299	Health	262.299	269.077	(6.778)
167.706	Social Care	167.706	167.728	(0.022)
430.004	Total HHSCP	430.004	436.805	(6.800)

3.2 The year end position reflects:

- Slippage on the CIP £6.129m
- Locums within Mental Health £0.970m
- Unfunded services in Chronic Pain and ECS £1.512m
- Primary Care Prescribing £1.200m
- Minor Works – New Craigs £0.705m
- Agency costs in 2C practices £1.191m

Significant vacancies across all areas of the service mitigated this position.

3.3 £19.563m has been incurred on supplementary staffing to the end of March 2023.

4 Acute Services

4.1 Acute Services are reporting a year end overspend of £24.883m. Table 4 provides more detail on this position.

Table 4 – Acute Services Breakdown as at 31 March 2023

Current Plan £000	Division	Plan to Date £000	Actual to Date £000	Variance to Date £000
68.802	Medical Division	68.802	77.513	(8.711)
19.345	Cancer Services	19.345	20.608	(1.262)
62.276	Surgical Specialties	62.276	65.833	(3.557)
32.571	Woman and Child	32.571	31.893	0.678
44.484	Clinical Support Division	44.484	44.421	0.063
(2.432)	Raigmore Senior Mgt & Central Cost	(2.432)	7.071	(9.503)
12.472	NTC Highland	12.472	12.894	(0.422)
237.519	Sub Total - Raigmore	237.519	260.233	(22.714)
12.609	Belford	12.609	13.657	(1.049)
13.809	CGH	13.809	14.929	(1.119)
263.937	Total for Acute	263.937	288.819	(24.883)

4.2 £6.059m of unachieved savings is included within the position.

- 4.3 The year end position reflects:
- £11.321 of additional staffing costs to cover vacancies and unfunded beds
 - £1.654m of Acute Drugs
 - Pressures resulting from lower than anticipated Scheduled Care allocation - £2.884m
- 4.4 £26.852m has been incurred on supplementary staffing in year

5 Support Services

- 5.1 Support Services are reporting a full year underspend of £32.064m. This position reflects unplanned allocations from SG, delivery of mitigating actions from the recovery plan and anticipated brokerage of £16.272m. Further information is provided later in this report on the recovery plan and mitigating actions.
- 5.2 The position includes £2.427m of unachieved savings.
- 5.3 Table 5 breaks this position down across service areas.

Table 5 – Support Services breakdown as at 31 March 2023

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	Support Services			
67.130	Central Services	67.130	33.734	33.396
42.700	Corporate Services	42.700	43.436	(0.736)
45.951	Estates Facilities & Capital Planning	45.951	46.145	(0.194)
13.741	eHealth	13.741	13.905	(0.165)
26.122	Tertiary	26.122	26.359	(0.237)
195.643	Total	195.643	163.579	32.064

- 5.4 Within Estates & Capital Planning & eHealth the overspend has been driven by costs which would previously have been charged to Covid and unachieved savings.
- 5.5 Out of area placements have driven the overspend within Tertiary.

6 Argyll & Bute

- 6.1 Argyll & Bute are reporting a breakeven position at 31 March 2023. This position has been delivered as a result of management actions to reduce costs and the benefit of unexpected funding allocations from SG. Table 6 details a breakdown of this position.
- 6.2 The position includes slippage on savings of £1.484m.

Table 6 – Argyll & Bute breakdown as at 31 March 2023

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	Argyll & Bute - Health			
122.104	Hospital & Community Services	122.104	121.335	0.769
36.732	Acute & Complex Care	36.732	37.241	(0.510)
9.310	Children & Families	9.310	8.820	0.490
58.819	Primary Care, Prescribing & Dental inc GMS	58.819	59.700	(0.881)
9.768	Estates	9.768	10.183	(0.416)
5.223	Management Services	5.223	4.974	0.249
0.542	Central/Public health	0.542	0.244	0.298
242.496	Total Argyll & Bute	242.496	242.496	-

7 Financial Sustainability

- 7.1 The Financial Plan presented to the Board in May proposed a CIP of £26.000m. The year end position includes slippage of £16.099m. Savings of £9.901m have been delivered in year.
- 7.2 Table 7 provides a summary of the year end savings position.

Table 7 2022/2023 Savings Delivery

	Target £000s	Achieved £000s	Variance £000s
NH Communities	9,293	3,165	(6,129)
Acute	8,457	2,398	(6,059)
Corporate	2,692	448	(2,244)
Estates & Facilities	1,100	1,100	-
E Health	400	217	(183)
A&B	4,058	2,574	(1,484)
Total Savings M12	26,000	9,901	(16,099)

8 Movement in position from submission of recovery plan

- 8.1 All Boards were asked to submit a Financial Recovery Plan in September 2022. This plan was based on the month 5 position (August) and the ask was that Boards identified actions to reduce forecast positions to at least those presented within financial plans submitted in March 2022.
- 8.2 For NHS Highland this meant identifying actions to reduce the forecast overspend at month 5 of £33.600m to £16.272m or less.
- 8.3 A number of actions were identified and if all were delivered in full an overspend of £13.603m was estimated.

- 8.4 Subsequent to submission of the plan the operational position deteriorated, due to ongoing use of supplementary staffing and increasing drug costs, and a number of additional unexpected allocations were received. Table 8 details the actions which were proposed within the recovery plan and a reconciliation to the draft year end position

Table 8 – Recovery Plan to Year End Draft Position

	Plan £m	Actual £m
Month 5 Position (at time of recovery plan development)	(33.600)	(33.600)
Recovery Plan Actions		
Potential Technical Adjustments	7.436	1.587
SG lodgement over 2021/2022 year end	5.810	4.189
VAT Reclamation Exercise	0.500	0.500
Support with ASC overspend	1.387	1.387
Increased Cost Control Measures	3.205	
In year benefit from NI funding	1.659	1.659
Other Movements		
Additional New Medicines Fund		6.534
Reduction in CNORIS top slice		0.417
Additional Planned Care Funding		0.881
Reduction in top slice for national costs/ projects		1.400
Deterioration in operational position/ (slippage in reserves)		(0.845)
	(13.603)	(15.891)
Receipt of Brokerage from Scottish Government		16.272
Reported position as per draft Annual Accounts		0.381

9 Capital

- 9.1 Capital funding of £32.061m was received in 2022/2023. This funding was fully expended in year.
- 9.2 Details of the expenditure position across all projects are set out in Appendix 1.
- 9.3 The main areas of investment include:

Project	Spend to end December 2022
National Treatment Centre – Highland	£14.142m
Estates Backlog Maintenance	£2.553m
Equipment Purchase	£1.854m
Home Farm works	£0.738m

2023/2024 Financial Year

10 Financial Plan

- 10.1 NHS Highland submitted a financial plan to Scottish Government for the period 2023/2024 through to 2025/2026 in March 2023. For 2023/2024 an initial budget gap of £98.172m was presented with a Cost Improvement Programme of

£29.500m proposed. Discussions with Scottish Government are taking place to identify mitigating actions to reduce the identified gap with additional support being provided to the Board. It is expected that a request will be made to Scottish Government to provide brokerage but at this stage it is unclear what level of brokerage would be available. Years 2 and 3 are indicative at this time and will be revisited as further detailed information emerges.

10.2 This report will detail what planning assumptions have been made, the impact of these assumptions and provide clarity on how the final position has been built up.

11 Basis of the 2023/2024 Financial Plan

11.1 The budget has been built on the basis of a 2.0% baseline uplift - £15.3m. This includes £0.200m to maintain NHH within 0.8% of NRAC parity.

11.2 Overall the NHS Highland Uplift from the initial 2022/2023 baseline is 5.9%. A breakdown of allocations contained within the Budget Allocation letter received in December 2022 is included as Appendix 2.

11.3 Scottish Government has not set out a Public Sector Pay Policy alongside the 2023/2024 budget. Discussion around funding are ongoing and Scottish Government has committed to confirming finalised baseline budgets at the conclusion of this work.

11.4 Additional funding in respect of the following areas is anticipated but the level of funding has yet to be confirmed:

- Vaccinations
- Test & Protect Activities – including regional testing
- Additional PPE requirements
- Some specific Public Health measures

11.5 No reduction has been made in respect of funding received in 2022/2023 for the increased NI levy – this funding has not been ring-fenced.

11.6 Funding in respect of SG policy commitments has still to be confirmed.

11.7 Individual unit budgets are still in the process of being built within the financial ledger in preparation for Month 2 financial reporting.

12 Summary 3 Year Position

12.1 Table 9 below highlights the summary 3 year position with a gap of £68.672m in 2023/2024 rising to £75.976 in 2024/2025 and then reducing slightly to £74.377m in 2025/2026. Years 2 and 3 are indicative at this time.

TABLE 9 – SUMMARY 3 YEAR POSITION

	2023/2024	2024/2025	2025/2026
	£m	£m	£m
Total Funding Uplifts	36.700	17.030	16.396
Total Additional Costs	76.233	39.590	36.089
In Year Gap	(39.533)	(22.560)	(19.693)
Recurrent Deficit Carried Forward	(34.859)	(74.216)	(75.234)
Savings not achieved recurrently in 22-23	(20.780)	(4.500)	(5.000)
ASC Savings not made recurrently	(3.000)	(1.000)	(0.750)
Total Gap	(98.172)	(102.276)	(100.677)
Saving Plan			
PMO Workstreams and Housekeeping	21.387	23.300	23.300
ASC Savings	4.113	3.000	3.000
Non Recurrent Measures	4.000	-	-
Residual Gap	(68.672)	(75.976)	(74.377)

13 Funding Uplifts

13.1 Funding uplifts of £36.699m have been built into the financial plan for 2023/2024.

13.2 This is made up of:

- SG Uplift £15.282m
- New Medicines Funding £3.334m
- Additional DEL £1.460m
- Planned Care £6.800m
- Utilisation of funding held by Highland Council £9.823m
(this is the funding held over the 2021/2022 financial year end)

In addition £4.293m has been received from additional SG investment in Adult Social Care. This is passed to NHS Highland via Highland Council and is reflected in the Adult Social Care financial plan.

13.3 Appendix 3 provides further details for 2024/2025 and 2025/2026 in addition to a breakdown of recurring and non-recurring funding over the 3 year period.

14 Inflation Pressures

14.1 £41.908m of inflationary pressures have been estimated and included within the financial plan.

14.2 These pressures include both pay and non-pay split as below:

- Pay £10.716m
- Non-Pay £31.192m

- 14.3 In calculating these pressures a number of assumptions have been made around potential % increases. These are detailed within Appendix 4.
- 14.4 Increasing drug costs represent the most significant pressure to NHS Highland in 2023/2024. The % uplift for Drugs is estimated at 5% and FHS Prescribing at 6%. This adds £8.097m to the cost pressure. In addition Pharmacy undertake a 'Horizon Scanning' exercise looking at new drugs, potential patient numbers and uptake – for 2023/2024 it has been estimated that this will add £7.447m to the cost base.
- 14.5 Appendix 5 details the impact of inflation uplifts and the horizon scanning exercise for the 3 year period through to 2025/2026.

15 Cost Pressures/ Additional Costs

- 15.1 A number of cost pressures have been identified and built into the financial plan. Table 10 breaks this down across operational areas. These cost pressures reflect costs that are already being incurred through previous service developments or as a result of ongoing pressures such as recruiting challenges.

TABLE 10 – COST PRESSURES ALREADY IN COST BASE

	Recurring	Non-Recurring
	£m	£m
NH – Acute	8.488	0.095
NH – HHSCP	0.394	1.363
NH – Area Wide/ Corp	3.285	0.256
Argyll & Bute	0.898	-
Adult Social Care	3.469	4.812
TOTAL	16.534	6.526
		23.060

- 15.2 A breakdown of the individual cost pressure elements is detailed at Appendix 6.
- 15.3 In addition to these cost pressures a number of additional costs have also been built in reflecting agreed investment from previous years. Table 11 breaks these down across operational areas with a more detailed breakdown of the individual elements included at Appendix 7.

TABLE 11 – ADDITIONAL COSTS 2023/2024

	Recurring	Non-Recurring
	£m	£m
NH – Acute	2.640	0.374
NH – HHSCP	2.386	0.187
NH – Area Wide/ Corp	0.785	1.192
Argyll & Bute	1.944	-
Adult Social Care	-	-
TOTAL	7.755	1.753
		9.508

16 Recurring Deficit

16.1 In building the financial plan deficits brought forward from previous year also impact on the in-year position. The impact of this is a further pressure of £58.639m in 2023/2024.

16.2 Table 12 provides a breakdown of the deficit brought forward into 2023/2024.

TABLE 12 – DEFICIT BROUGHT FORWARD INTO 2023/2024

	B/F from 2022/2023 £m
Recurrent gap (inc savings not achieved)	43.640
NR Actions taken in 2022/2023 to offset recurrent deficit	15.000
Overall Deficit	58.639

17 Savings / Cost Improvement/ Cost Reduction Programme

17.1 Detailed planning is currently underway to determine what areas require greatest focus in order to deliver savings/ cost improvements/ cost reductions in 2023/2024. As a starting point the Sustainability and Value Programme initiatives have been reviewed with estimates of opportunities allocated across operational areas.

17.2 A savings/ cost improvement/ cost reduction programme of £29.500m is proposed for 2023/2024. This is broken down as per table 13.

TABLE 13 – SAVINGS PROGRAMME 2023/2024

	North Highland	Adult Social Care	Argyll & Bute	TOTAL
	£m	£m	£m	£m
Workstreams	17.593	-	3.794	21.387
Adult Social Care	-	4.113	-	4.113
Non-recurrent measures	3.030	-	0.970	4.000
TOTAL	20.623	4.113	4.764	29.500

17.3 Set against baseline funding £29.500m is 3.84%. When the Adult Social Care target is excluded the target is 3.30% of baseline funding.

17.4 The Sustainability & Value Programme has established 10 programmes of work alongside indicative targets and the rationale for these targets. An overview of the programme is included at Appendix 8.

17.5 Based on the medium savings assumption an exercise has been undertaken to allocate indicative targets across operational areas. This is included at Appendix 9.

18 Summary

18.1 Table 14 provides a summary of the planned 2023/2024 position.

TABLE 14 – PLANNED 2023/2024 POSITION

	2023-24
	£m
Total Funding Uplifts	36.700
Total Additional Costs	76.233
In Year Gap	(39.533)
Deficit B/F	(58.639)
Total Gap	(98.172)
Cost Reduction Estimate	29.500
In Year Gap	(68.672)

18.2 Detailed operational budgets are currently being built in preparation for month 2 financial reporting. Monthly monitoring reports will be prepared for presentation to Finance, Resources and Performance Committee and the NHS Highland Board with detailed information packs provided internally to budget holders. Formal monthly reporting to Scottish Government will continue in 2023/2024.

19 National Position

19.1 Scotland wide a gap, before application of savings, of £940.138m has been estimated. It is forecast that savings of £428.735m (recurring and non-recurring) will bring this position down to a net gap of £511.401m. Appendix 10 show this position graphically with appendix 11 showing the NHS Highland position.

20 Recommendation

- **Discussion** – The NHS Highland Board discuss the draft Month 12 financial position for 2022/2023 which at this stage is still subject to final year end adjustments and a year end audit process.
- **Decision** – The NHS Highland Board approve the request that brokerage of £16.272m is requested from Scottish Government to enable delivery of a balanced financial position for 2022/2023
- **Discussion** – The NHS Highland Board examine and consider the contents of the Financial Plan for 2023/2024
- **Decision** – The NHS Highland Board approve the 2023/2024 Financial Plan-recognising that discussions continue with Scottish Government around actions to mitigate the financial challenge.

Capital Expenditure at Month 12

Funding Received £000's	Summary Funding & Expenditure	Actual to Date £000
	Capital Schemes	
35	Radiotherapy	34
13,884	National Treatment Centre (Highland)	14,142
500	NTC-(H) eHealth Capital Expenditure	699
160	Grantown Health Centre Refurbishment	186
199	Belford Hospital Replacement Fort William	199
562	Caithness Redesign	562
700	Increased Maternity Capacity - Raigmore	646
860	Raigmore Fire Compartmentation upgrade	860
1,200	Raigmore Lift Replacement	1,220
740	Home Farm works	738
85	Cowal Community Hospital GP relocation	93
95	Raigmore Car Park Project	95
759	Wifi network Installation Project	759
71	Endoscopy Decontamination Washers	71
954	Laundry Water Filtration Equipment	1,024
-	Campbeltown Boiler Replacement	(24)
2,485	BackLog Maintenance Additional Funding	2,478
1,290	National Infrastructure Equipment Funding (NIB)	944
170	Ultrasound - Dunoon & Mid Argyll	170
49	Digital Pathology switches	49
186	AAA Screening Equipment	186
24,983		25,130
	Formula Allocation	
897	PFI Lifecycle Costs	845
2,538	Estates Backlog Maintenance	2,553
1,850	Equipment Purchase Advisory Group (EPAG)	1,854
1,250	eHealth Capital Allocation	1,271
500	Minor Capital Group	499
9	AMG Contingency	7
(97)	Other	(97)
6,947		6,931
162	Disposal NBV	-
2	Sub Debt	-
(32)	Capital Grants	-
32,061	Capital Expenditure	32,061

Board Funding Uplifts

	2022-23 Allocation	Recurring Allocations*	22-23 Pay**	Total 2022-23 Allocation	Uplift***	2023-24 Total Allocation	Uplift from 2022-23	NRAC Funding	Distance from NRAC Parity	HSC Levy Funding (retained by Boards) ****	Uplift from 2022-23 (inclusive of HSC Levy)
	£m		£m	£m	£m	£m		£m	%	£m	%
NHS Territorial Boards											
Ayrshire and Arran	806.8	(0.6)	27.4	833.5	16.7	850.2	5.4%	0.0	-0.4%	4.4	6.0%
Borders	234.8	(0.1)	8.0	242.6	6.0	248.6	5.9%	1.1	-0.8%	1.3	6.5%
Dumfries and Galloway	334.1	(0.2)	11.3	345.3	6.9	352.2	5.4%	0.0	1.9%	1.8	6.0%
Fife	749.4	(0.5)	25.5	774.3	16.5	790.8	5.5%	1.0	-0.8%	4.0	6.1%
Forth Valley	598.1	(0.3)	20.3	618.1	13.0	631.1	5.5%	0.6	-0.8%	3.2	6.1%
Grampian	1,072.2	(0.9)	36.4	1,107.7	22.2	1,129.9	5.4%	0.0	-0.4%	5.8	6.0%
Greater Glasgow and Clyde	2,504.0	(1.4)	85.0	2,587.6	51.8	2,639.4	5.4%	0.0	1.7%	13.6	6.0%
Highland	725.6	(0.5)	27.8	752.9	15.3	768.2	5.9%	0.2	-0.8%	3.9	6.4%
Lanarkshire	1,346.8	(0.8)	45.7	1,391.8	32.3	1,424.1	5.7%	4.5	-0.8%	7.3	6.3%
Lothian	1,639.3	(1.3)	55.7	1,693.7	49.6	1,743.3	6.3%	15.7	-0.8%	8.9	6.9%
Orkney	57.1	(0.1)	1.9	59.0	1.2	60.2	5.5%	0.1	-0.8%	0.3	6.0%
Shetland	57.0	0.0	1.9	59.0	1.2	60.1	5.5%	0.0	2.3%	0.3	6.1%
Tayside	856.5	8.7	29.1	894.3	17.9	912.2	6.5%	0.0	-0.7%	4.7	7.1%
Western Isles	84.5	(0.0)	2.9	87.3	1.7	89.0	5.4%	0.0	11.5%	0.5	6.0%
Territorials Total	11,066.1	2.0	379.0	11,447.1	252.2	11,699.2	5.7%	23.2		60.0	6.3%
NHS National Boards											
National Waiting Times Centre	68.1	0.0	6.2	74.3	1.5	75.8	11.3%			0.9	12.8%
Scottish Ambulance Service	305.9	5.6	16.2	327.7	6.6	334.2	9.3%			2.0	10.0%
The State Hospital	40.0	0.0	1.7	41.7	0.8	42.5	6.3%			0.3	7.0%
NHS 24	78.4	5.5	5.0	88.9	1.8	90.7	15.7%			0.7	16.7%
NHS Education for Scotland	492.3	1.4	13.8	507.5	10.1	517.6	5.1%			2.8	5.7%
NHS National Services Scotland	355.3	5.6	10.4	371.2	7.4	378.6	6.6%			1.5	7.0%
Healthcare Improvement Scotland	30.4	1.1	1.4	32.9	0.7	33.6	10.4%			0.2	11.0%
Public Health Scotland	52.1	0.2	3.5	55.8	1.1	56.9	9.3%			0.7	10.8%
Nationals Total	1,422.6	19.5	58.0	1,500.1	30.0	1,530.1	7.6%			9.1	8.3%
Total NHS Boards	12,488.7	21.5	437.0	12,947.2	282.2	13,229.3	5.9%			69.1	6.5%

* Includes recurring allocations from 2021-22

** Includes estimated funding for Agenda for Change and Medical & Dental pay uplift in 2022-23.

*** Includes NRAC parity adjustments.

**** Included in Boards 2022-23 Baseline Budgets

NHS Highland – Funding Uplifts 3 Year Projection

	2023/2024		2024/2025		2025/2026	
	Rec	Non Rec	Rec	Non Rec	Rec	Non Rec
	£000	£000	£000	£000	£000	£000
SG Uplift	15,282	-	15,359	-	15,671	-
New Medicines Funding	3,334	-	-	-	-	-
Additional DEL	-	1,460	-	1,671	-	725
Planned Care	6,800	-	-	-	-	-
Funds held by HC 2021/22 YE	-	9,823	-	-	-	-
TOTAL	25,416	11,283	15,359	1,671	16,671	725

Inflation Assumptions

	2023/2024	2024/2025	2025/2026
	% Inc	% Inc	% Inc
Drugs (excluding Horizon Scanning)	5.0	5.0	5.0
Energy	30.0	10.0	5.0
General	7.4	4.0	2.0
FHS Prescribing	6.0	6.0	6.0
SLAs	2.0	2.0	2.0
Resource Transfer	2.0	2.0	2.0
Resource Transfer to IJB	-	2.0	2.0
Children's Services	2.0	2.0	2.0

Inflation Pressures

	2023/2024		2024/2025		2025/2026	
	Rec	Non Rec	Rec	Non Rec	Rec	Non Rec
	£000	£000	£000	£000	£000	£000
Pay Uplift AfC	8,559	-	8,728	-	8,901	-
Pay Uplift Medical & Dental	2,095	-	2,136	-	2,179	-
Pay Uplift Snr Manager	62	-	63	-	64	-
Non Pay Inflation	6,301	-	3,673	-	1,933	-
Acute Drugs Inflation	4,142	-	2,594	-	2,697	-
Acute Drugs Horizon Scanning	7,447	-	7,447	-	7,447	-
Energy Inflation	2,608	-	1,673	-	1,131	-
Cost of Capital	1,074	-	615	-	507	-
PFI Inflation	990	-	1,479	-	1,277	-
Resource Transfer	344	-	351	-	359	-
Purchase of Healthcare	2,547	-	2,564	-	2,616	-
CNORIS	108	-	-	-	-	-
Children's Services	215	-	3,546	-	223	-
Prescribing	3,955	-	3,546	-	3,741	-
DEL Spend (NC PFI only)	-	1,460	-	1,671	-	725
TOTAL	40,446	1,460	35,090	1,671	33,075	725

2023/2024 Cost Pressures

Acute	
Clinical Educators	0.372
Additional Posts within Gastroenterology	0.503
Increased Bed Capacity within Medical	2.926
Recurrent posts previously funded by WLI	4.109
Endoscopy 4th Room	0.47
Radiography Recruitment	0.108
Lochaber Redesign	0.095
	8.583

HHSCP	
Minor Injuries NMAHP Review	0.084
Medical Staffing (Mental Health)	0.15
LD/OA Agency Nursing	0.5
Medical Slocum (Mental Health)	0.5
2C Alness/ Invergordon	0.225
Hospice Pay Inflation linked to AfC	0.085
Caithness Redesign	0.213
	1.757

Boardwide/ Corporate	
Chemocare	0.15
2020/2021 Establishmnet Review	1.5
Band 2-3 Review	0.9
Procurement Support (Finance)	0.32
North Coast Redesign	0.016
Airconditioning for Server Room at SNH	0.125
Trackcare Upgrade	0.065
Patient Hub/ Net Call	0.12
Endoscopy System	0.015
Recurrent eHealth Covid related costs	0.33
	3.541

Adult Social Care **8.281**
Argyll & Bute **0.898**

2023/2024 Additional Costs

Acute	
Sacral Nerve Stimulation	0.111
Junior Doctors Training Changes	0.933
Emergency Dept Medical Workforce	0.748
Cath Lab 24/7 Expansion	0.374
Respiratory Workforce	0.385
Biochemistry Staffing	0.120
Caithness Lab Team	0.161
Order Comms	0.182
	3.014

HHSCP	
ITRs	0.124
Hospice SLA	0.153
Gender Identity Service	0.028
Menopause Service	0.172
Skye Redesign	0.349
Chronic Pain	0.774
EOLCT	0.063
Staffin Health Centre	0.020
Skye Radiology	0.062
Skye Renal	0.027
	1.772

Boardwide/ Corporate	
Child Death Review	0.064
Undergraduate Pharmacist	0.015
E-Roster	0.519
Microsoft 365	1.084
Scanning	0.160
	1.842

Argyll & Bute

1.944

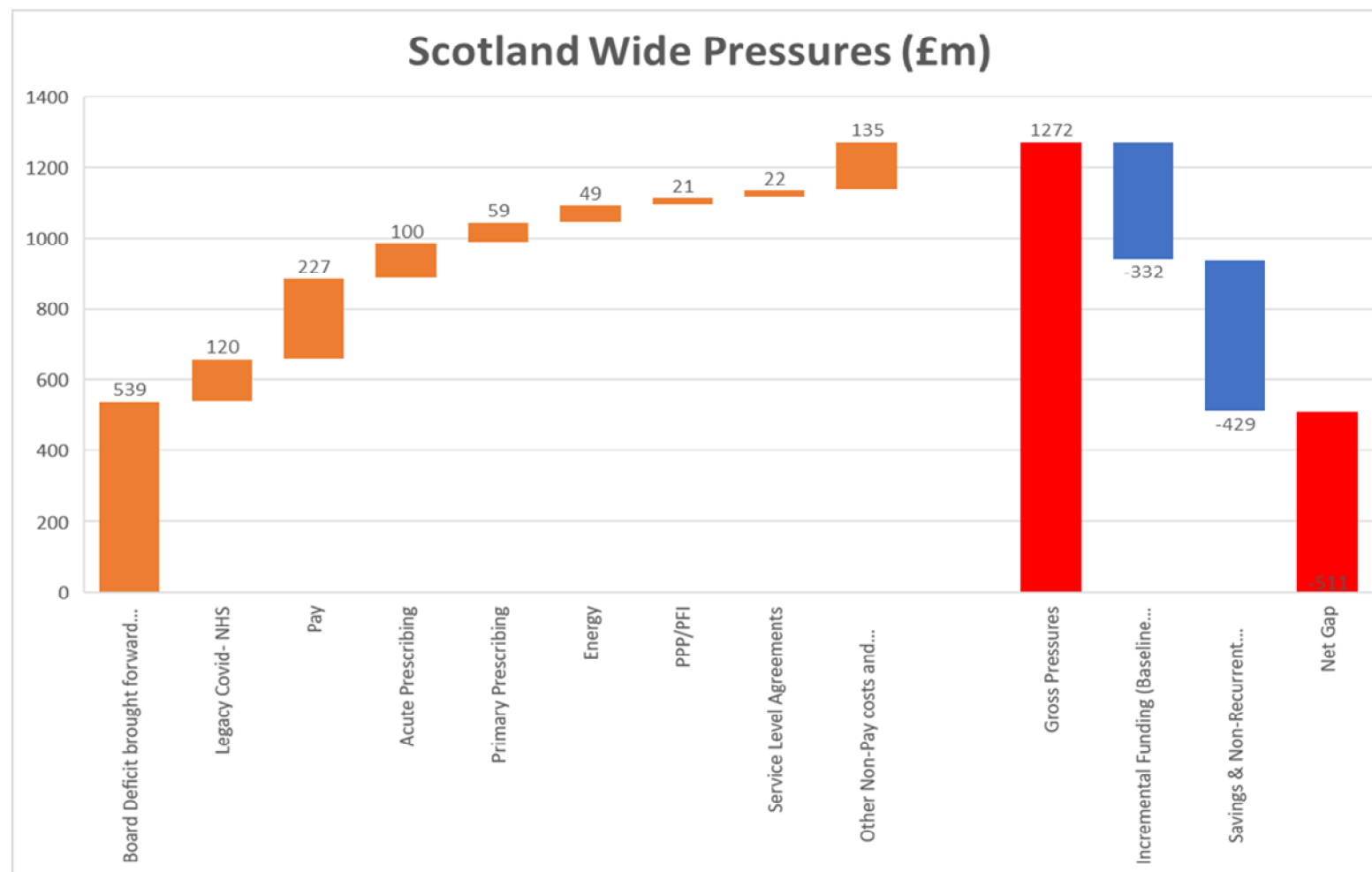
Sustainability and Value – Financial Improvement Group – Overview

Area of expenditure	estimated spend 23/24	Low savings	Medium savings	High savings	% of spend	Rationale for savings value
Permanent staff	£9 billion	£40 million	£60 million	£80 million	0.67%	Assumed low level of saving in 2023/24 due to workforce policy and permanent nature of staff. Bigger opportunity longer term in horizon 3.
Nurse Agency	£160 million	£20 million	£30 million	£35 million	18.75%	Nurse Agency Supplementary Staffing Group SBAR and presentation going to Chief Execs in February and will be shared with DoFs.
Medical Locums	£120 million	£15 million	£25 million	£30 million	20.83%	Based on estimates from medical workforce sustainability group.
Non Medical agency	£30 million	£5 million	£10 million	£10 million	33.33%	Spend has moved from £9 million pre Covid to £32 million in 2021/22 therefore this is to bring the spend down closer to pre Covid levels.
Prescribing	£3 billion	£60 million	£75 million	£90 million	2.5%	Based on % of spend and historically what Boards have aimed to deliver
Estates / Energy Management / clinical waste	£1.2 billion	£25 million	£35 million	£45 million	2.92%	Based on current ideas from Climate emergency and sustainability group as well as estimate of what could be achieved through estates rationalisation between Boards.
Other non pay	£500 million	£15 million	£25 million	£35 million	4%	Estimate based on focus on non pay areas such as taxi usage and postage costs for example
Procurement	£1 billion	£35 million	£50 million	£55 million	5%	CITF has met and has a long list of ideas from National Procurement to take forward with Boards once resource is agreed
Digital	Enabler	£20 million	£30 million	£35 million	N/A	Estimate based on scale of saving required
Income generation	Enabler	£5 million	£10 million	£15 million	N/A	Estimate based on ideas currently being put forward on advertising income, fundraising and profit sharing review of commercial contracts.
		£240 m	£350 m	£430 m		

Indicative Cost Reduction Proposals

	Acute	HHSCP (exc ASC)	ASC	Corporate	Argyll & Bute	TOTAL
Permanent Staff	1,029,339	1,041,524	-	429,137	-	2,500,000
Nurse Agency	1,790,620	669,500	-	139,880	-	2,600,000
Medical Locum	3,170,769	1,829,231	-	-	-	5,000,000
Non Medical Agency				-		-
Prescribing	1,000,000	150,000	-	-	-	1,150,000
Estates/ Energy Mgt/ Clinical Waste	-	-	-	1,318,000	-	1,318,000
Other Non-Pay	106,027	107,282	-	51,692	-	265,000
Procurement	400,101	404,837	-	1,195,062	-	2,000,000
Digital				-		-
Income Generation				-		-
Unidentified NH	2,316,584	2,344,005	-	1,129,411	-	5,790,000
A&B Schemes				-	4,764,000	4,764,000
ASC			4,113,000	-		4,113,000
TOTAL	9,813,440	6,546,378	4,113,000	4,263,181	4,764,000	29,500,000

2023/2024 Pressures – Scotland Wide



2023/2024 Pressures – NHS Highland

