

# NHS Highland



**Meeting:** NHS Highland Board  
**Meeting date:** 28 May 2024  
**Title:** Finance Report – Month 12 2023/2024  
**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:

- 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 draft NHS Highland financial position at financial year end, Month 12, 2023/2024 (March 2024). This position is still subject to audit.

### 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. A significant amount of additional funding has been received in year from Scottish Government and this has resulted in a significantly improved position from that included within the financial plan submission. This report summarises the draft position at Month 12 and highlights the drivers that contributed to the position.

## 2.3 Assessment

For the period to end March 2024 (Month 12) an underspend of £0.265m is reported. This position has been delivered following presentation of the initial year end position, an overspend of £29.235m, to Finance, Resources & Performance Committee where members were asked to agree that brokerage of £29.500m was requested from Scottish Government. This request has been made and funding confirmed.

## 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 due to the final accounts still being subject to audit.

## 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 continuing to provide 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

The reported position is subject to final audit scrutiny and as such the position may change. This risk is considered low with flexibility has been built into the brokerage

request in the event that changes are required which may impact on the delivery of financial targets.

### **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

## **4 Recommendation**

**Discussion** – Examine and consider the implications of the matter.

### **4.1 List of appendices**

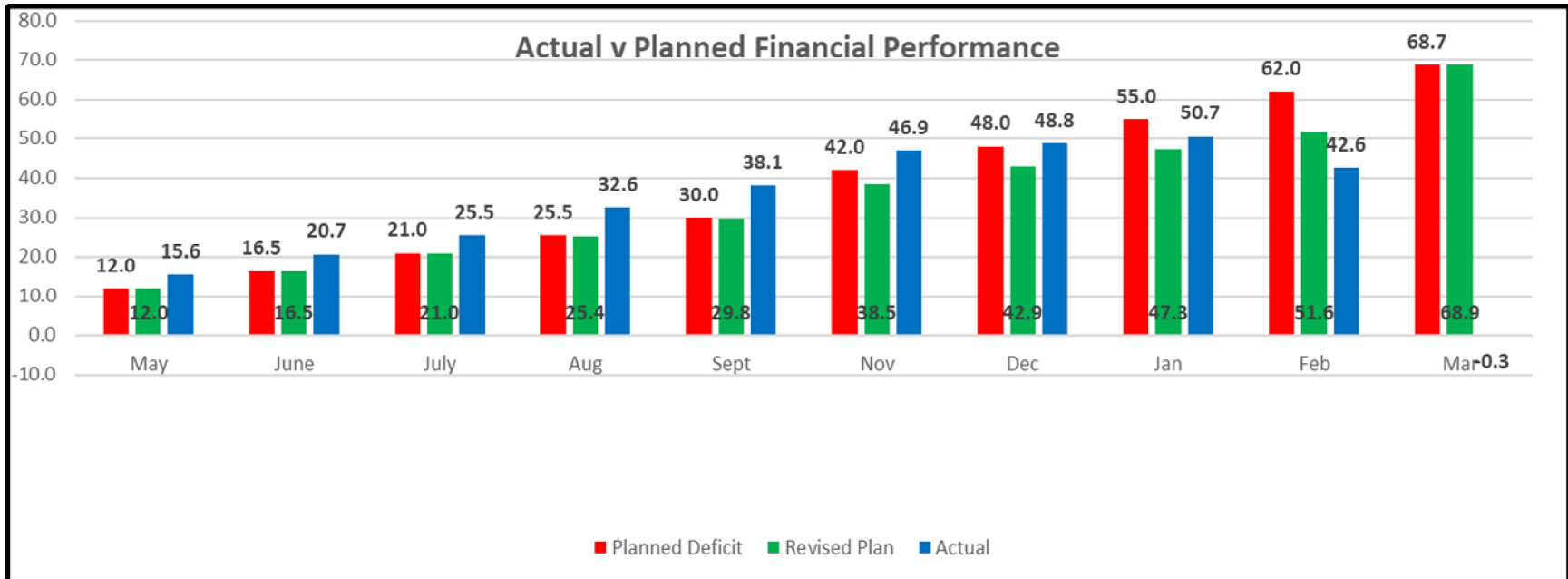
The following appendices are included with this report:

No appendices accompany this report

# Board Finance Report – 2023/2024 Year End

---

# 2023/2024 YEAR END



Target	YE Position £m
Delivery against Revenue Resource Limit (RRL) DEFICIT/ SURPLUS	0.3
Delivery against Financial Plan DEFICIT/ SURPLUS	68.9
Deliver against Cost Improvement target DEFICIT/ SURPLUS	15.9

- Year end surplus of £0.3m
- Slippage against CIP £15.9m
- Brokerage received of £29.5m
- Underlying deficit of £29.2m

# 2023/2024 YEAR END



	£m	£m
<b>Financial Plan submission to Scottish Government - initial gap</b>		<b>98.172</b>
Cost Reductions/ Cost Improvements achieved in year		13.572
<b>Additional Funding</b>		
Sustainability funding - June 2023	8.030	
ASC Pay Award - June 2023	3.883	
New Medicines Fund - June 2023	6.590	
Supplementary Pay	6.088	
Return of 2022/2023 Year End Surplus - March 2024	0.383	
Health Consequentials/ Sustainability Funding - March 2024	9.885	
		34.859
Reduction in top slices for national costs		0.390
Financial Flexibility		2.050
Short term cost reductions & allocation slippage		18.070
Brokerage		29.500
<b>Year End Outturn - Surplus</b>		<b>0.265</b>

- Financial Plan submitted to SG in March 2023 had an initial gap of £98.172m
- A cost reduction/ improvement target of £29.500m brought this gap down to £68.672 – savings of £13.572m were achieved against this target.
- Additional allocations, a reduction in top-sliced costs, use of financial flexibility and an element of slippage on allocations together with short term cost reductions mainly due to recruitment difficulties has brought this initial gap down to £29.235m by financial year end
- Brokerage of £29.500m was received which enable delivery of an underspend of £0.265m at financial year end

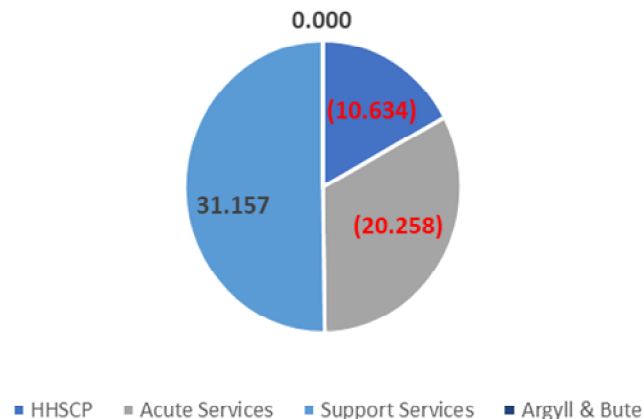
# 2023/2024 YEAR END



Current Plan £m	Current Budget £m	Summary Funding & Expenditure	FY Plan £m	FY Actual £m	FY Variance £m
1,220.267	1,220.267	<b>Total Funding</b>	1,220.267	1,220.267	-
		<b>Expenditure</b>			
450.867	460.205	HHSCP	460.205	470.839	(10.634)
310.154	296.594	Acute Services	296.594	316.852	(20.258)
214.031	202.642	Support Services	202.642	171.485	31.157
<b>975.052</b>	<b>959.441</b>	<b>Sub Total</b>	<b>959.441</b>	<b>959.176</b>	<b>0.265</b>
263.375	<b>260.826</b>	Argyll & Bute	<b>260.826</b>	<b>260.826</b>	-
<b>1,238.426</b>	<b>1,220.267</b>	<b>Total Expenditure</b>	<b>1,220.267</b>	<b>1,220.002</b>	<b>0.265</b>
(68.672)	-	<b>Planned Deficit</b>	-	-	-
<b>1,220.267</b>		<b>Total Expenditure</b>			

- ## 2023/2024 YEAR END
- Underspend of £0.265m reported – delivery supported through receipt of £29.500m of brokerage from SG
  - Position includes slippage against the CIP of £15.928m
  - Cost improvements of £13.572m included within operational position

Deficit by Operational Area



# 2023/2024 YEAR END



Summary Funding & Expenditure	Current Plan £m
<b>RRL Funding - SGHSCD</b>	
Baseline Funding	836.126
FHS GMS Allocation	79.970
Supplemental Allocations	96.640
Non Core Funding	71.327
<b>Total SGHSCD Funding</b>	<b>1,084.063</b>
<b>Integrated Care Funding</b>	
Adult Services Quantum from THC	148.424
Childrens Services Quantum to THC	(12.220)
Total Integrated care	136.203
<b>Total NHS Highland Funding</b>	<b>1,220.267</b>

## FUNDING

- Full year funding £1,220.267m
- Includes brokerage of £29.500m
- 2023/2024 saw a significant level of allocations being received towards the latter part of the financial year. Whilst this had a beneficial impact on the final financial position it creates difficulties in service planning. This is being reviewed by SG as we go into 2024/2025



# 2023/2024 YEAR END



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	<b>HHSCP</b>			
254.114	NH Communities	254.114	262.988	(8.874)
51.864	Mental Health Services	51.864	58.163	(6.299)
155.000	Primary Care	155.000	156.926	(1.926)
(0.773)	ASC Other includes ASC Income	(0.773)	(7.238)	6.465
<b>460.205</b>	<b>Total HHSCP</b>	<b>460.205</b>	<b>470.839</b>	<b>(10.634)</b>
	<b>HHSCP</b>			
281.717	Health	281.717	292.540	(10.823)
178.488	Social Care	178.488	178.299	0.188
<b>460.205</b>	<b>Total HHSCP</b>	<b>460.205</b>	<b>470.839</b>	<b>(10.634)</b>

	In Month £'000	YTD £'000
<b>Locum</b>	705	8,407
<b>Agency</b>	516	6,685
<b>Bank</b>	820	9,287
<b>Total</b>	<b>2,042</b>	<b>24,378</b>

## HHSCP

- Overspend of £10.634m reported
- Slippage of £7.175mm against the CIP reported
- Most significant pressures during the year have been agency nursing, medical locums and prescribing
- There are still a number of services which require to realign service provision with the available funding envelope
- Additional allocations in respect of ASC costs and application of reserves has enabled delivery of a balanced ASC position, excluding estates costs

# HHSCP 2023/2024 YEAR END



Services Category	Annual Budget £000's	FY Actual £000's	FY Variance £000's
<b>Total Older People - Residential/Non Residential Care</b>	58,359	57,375	984
<b>Total Older People - Care at Home</b>	34,674	36,843	(2,168)
<b>Total People with a Learning Disability</b>	41,778	45,446	(3,668)
<b>Total People with a Mental Illness</b>	8,276	8,373	(97)
<b>Total People with a Physical Disability</b>	8,334	8,650	(316)
<b>Total Other Community Care</b>	18,441	18,247	194
<b>Total Support Services</b>	9,150	4,733	4,417
<b>Care Home Support/Sustainability Payments</b>	-	(655)	655
<b>Total Adult Social Care Services</b>	<b>179,011</b>	<b>179,011</b>	<b>-</b>

Care Home	Full Year Actuals £000's
Ach-an-eas	31
Bayview House	31
Caladh Sona	13
Grant House	91
Home Farm Portree	920
Invernevis House	36
Lochbroom	28
Mackintosh Centre	3
Mains House Care Ho	422
Melvich Centre	4
Pulteney House	13
Strathburn House	79
Telford Centre	17
Wade	83
<b>Total</b>	<b>1,770</b>

## ADULT SOCIAL CARE

- A balanced position has been delivered within ASC following receipt of allocations which had been assumed to be non-recurring and the use of reserves held by Highland Council on behalf of NHS Highland.
- Additional payments to providers have been £0.500m less than anticipated and there has been an additional benefit from funding received in earlier years.
- Early work on agreeing the 2024/2025 quantum may result in some movement in the opening position for 2024/2025

# 2023/2024 YEAR END



Current Plan £000	Division	Plan to Date £000	Actual to Date £000	Variance to Date £000
79.347	Medical Division	79.347	88.618	(9.271)
21.875	Cancer Services	21.875	22.889	(1.014)
66.192	Surgical Specialties	66.192	69.749	(3.557)
36.141	Woman and Child	36.141	34.173	1.968
44.491	Clinical Support Division	44.491	42.988	1.503
(4.823)	Raigmore Senior Mgt & Central Cost	(4.823)	5.499	(10.322)
23.501	NTC Highland	23.501	21.955	1.545
<b>266.724</b>	<b>Sub Total - Raigmore</b>	<b>266.724</b>	<b>285.872</b>	<b>(19.148)</b>
14.415	Belford	14.415	14.704	(0.289)
15.455	CGH	15.455	16.276	(0.821)
<b>296.594</b>	<b>Total for Acute</b>	<b>296.594</b>	<b>316.852</b>	<b>(20.258)</b>

	In Month £'000	YTD £'000
Locum	1,180	11,448
Agency	490	9,392
Bank	600	7,027
<b>Total</b>	<b>2,270</b>	<b>27,867</b>

## ACUTE

- £20.258m overspend reported
- £6.186m slippage against CIP reported
- Position includes approx £11.908m of costs incurred as a result of patients not being within the correct care setting
- In addition to above drivers for overspend are agency nursing, medical locums, drugs and ongoing service pressures
- Work is required to align services within the available funding envelope

# 2023/2024 YEAR END



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	<b>Support Services</b>			
28.300	Central Services	28.300	28.080	0.219
31.621	Central Reserves	31.621	-	31.621
49.396	Corporate Services	49.396	46.329	3.067
50.779	Estates Facilities & Capital Planning	50.779	52.651	(1.872)
16.476	eHealth	16.476	16.279	0.197
26.070	Tertiary	26.070	28.146	(2.075)
<b>202.642</b>	<b>Total</b>	<b>202.642</b>	<b>171.485</b>	<b>31.157</b>

	In Month £'000	YTD £'000
<b>Locum</b>	1	76
<b>Agency</b>	70	836
<b>Bank</b>	525	2,643
<b>Total</b>	<b>596</b>	<b>3,554</b>

## SUPPORT SERVICES

- £31.157 underspend reported – this position reflects brokerage received from SG
- Vacancies within a number of teams within Corporate Services and additional Medical Education funding have driven the underspend in this area
- Previously identified pressures relating to the SLA uplift and specific issues relating to cardiac, forensic psychiatry, rheumatology drugs and non-contracted activity outwith Scotland account for the overspend within Tertiary – this is an area of review within the 2024/2025 cost reduction/ improvement work
- Above inflation increases in utility & food costs, additional maintenance, additional pay costs at New Craigs due to facilities staff being aligned to Agenda for Change uplifts and increased cleaning across a number of sites have driven the overspend within Estates

# 2023/2024 YEAR END



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	<b>Argyll &amp; Bute - Health</b>			
128.926	Hospital & Community Services	128.926	128.057	0.869
39.519	Acute & Complex Care	39.519	40.328	(0.809)
10.324	Children & Families	10.324	10.265	0.059
39.747	Primary Care inc NCL	39.747	39.532	0.214
22.918	Prescribing	22.918	24.084	(1.166)
10.953	Estates	10.953	11.346	(0.393)
6.708	Management Services	6.708	6.620	0.088
1.732	Central/Public health	1.732	0.593	1.138
-	Management Actions	-	-	-
<b>260.826</b>	<b>Total Argyll &amp; Bute</b>	<b>260.826</b>	<b>260.826</b>	<b>-</b>

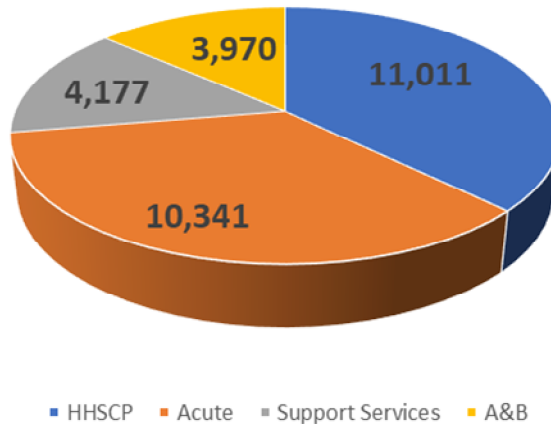
## ARGYLL & BUTE

- A breakeven position is reported at year end with the IJB making use of reserve flexibility
- Slippage against the CIP of £1.034m was recorded but underspends across a number of operational areas balanced the position

	In Month £'000	YTD £'000
<b>Locum</b>	696	6,497
<b>Agency</b>	275	3,977
<b>Bank</b>	228	2,664
<b>Total</b>	<b>1,199</b>	<b>13,139</b>

# 2023/2024 YEAR END

Cost Improvement Plan £000s



## COST IMPROVEMENT

- £29.500m CIP programme was planned
- At the end of the financial year slippage of £15.928m against the CIP is reported
- Cost improvements of £13.572m contributed to the year end position

	Target £000s	Forecast Savings £000s	Variance £000s
HHSCP	11,011	3,836	(7,175)
Acute	10,341	4,156	(6,186)
Support Services	4,177	2,644	(1,533)
A&B	3,970	2,936	(1,034)
<b>Total Forecast Savings</b>	<b>29,500</b>	<b>13,572</b>	<b>(15,928)</b>

# 2023/2024 YEAR END



## Assurance of Progress 2023-24 Year End Position

HORIZON 1	Target	Savings Delivered	% of Target Achieved	Total	Year End Gap
<b>Acute</b>					
Medical	2,607	794	30%	794	-1,813
Surgical	2,164	1,237	57%	1,237	-927
Women & Child	1,112	651	59%	651	-461
Rural General Hospitals	960	230	24%	230	-730
Clinical Support	1,464	369	25%	369	-1,095
NTC	860	643	75%	643	-217
Cancer	688	-	0%	0	-688
Acute Central	240	233	97%	233	-7
<b>Acute Sub-Total</b>	<b>10,341</b>	<b>4,156</b>	<b>40%</b>	<b>4,156</b>	<b>-6,185</b>
<b>HHSCP</b>					
Mental Health	930	350	38%	350	-580
N. Highland Community Services & Primary Care	5,617	2,091	37%	2,091	-3,526
HHSCP-Health Unallocated	352	0	0%	0	-352
Adult social care	4,113	1,395	34%	1,395	-2,718
Unit-wide					
<b>HHSCP Sub-Total</b>	<b>11,012</b>	<b>3,836</b>	<b>35%</b>	<b>3,836</b>	<b>-7,176</b>
<b>Support Services</b>					
Corporate Services - Deputy Chief Exec	0	0	0%	0	0
Corporate Services - People & Culture	178	131	73%	131	-47
Corporate Services - Public Health	207	16	8%	16	-191
Corporate Services - Finance	137	407	297%	407	270
Corporate Services - Medical	43	0	0%	0	-43
Corporate Services - Nursing	60	0	0%	0	-60
Corporate Services - Other	0	0	0%	0	0
Corporate Services - Strategy & Transformation	92	84	91%	84	-8
Tertiary	1,454	0	0%	0	-1,454
Estates and Facilities	1,027	1,027	100%	1,027	0
E-Health	185	185	100%	185	0
Central	794	794	100%	794	0
<b>Support Services Sub-Total</b>	<b>4,177</b>	<b>2,644</b>	<b>63%</b>	<b>2,644</b>	<b>-1,533</b>
A&B IJB	3,970	2,936	74%	2,936	-1,034
<b>A&amp;B IJB Sub-Total</b>	<b>3,970</b>	<b>2,936</b>	<b>74%</b>	<b>2,936</b>	<b>-1,034</b>
<b>Grand Total</b>	<b>29,500</b>	<b>13,572</b>	<b>46%</b>	<b>13,572</b>	<b>-15,928</b>

# 2023/2024 YEAR END



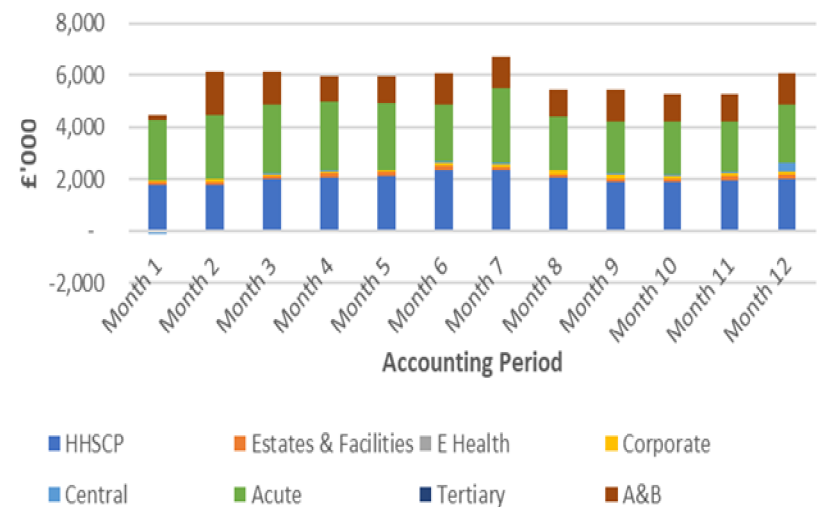
	2023/2024 YTD £'000	2022/2023 YTD £'000	Inc/ (Dec) YTD £'000
HHSCP	24,378	19,563	4,815
Estates & Facilities	1,680	1,568	112
E Health	14	17.45	(4)
Corporate	1,275	1,318	(43)
Central	584	580	3
Acute	27,867	26,852	1,015
Tertiary	1	3	-
Argyll & Bute	13,139	11,269	1,869
<b>TOTAL</b>	<b>68,939</b>	<b>61,172</b>	<b>7,769</b>

## SUPPLEMENTARY STAFFING

- Total spend on Supplementary Staffing at financial year end is £68.939m – overspend on pay costs at year end is £5.243m
- 2023/2024 spend at year end is £7.769m higher than the same period in 2022/2023

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	<b>Pay</b>			
118.472	Medical & Dental	118.472	125.377	(6.905)
6.529	Medical & Dental Support	6.529	8.086	(1.557)
208.963	Nursing & Midwifery	208.963	215.276	(6.313)
40.143	Allied Health Professionals	40.143	37.922	2.221
15.841	Healthcare Sciences	15.841	16.061	(0.219)
21.979	Other Therapeutic	21.979	20.896	1.084
44.910	Support Services	44.910	43.856	1.054
83.793	Admin & Clerical	83.793	82.339	1.454
3.555	Senior Managers	3.555	3.053	0.502
55.989	Social Care	55.989	53.346	2.643
(0.955)	Vacancy factor/pay savings	(0.955)	(1.750)	0.795
599.220	<b>Total Pay</b>	599.220	604.463	(5.243)

## Supplementary Staffing Apr 23 - Mar 24

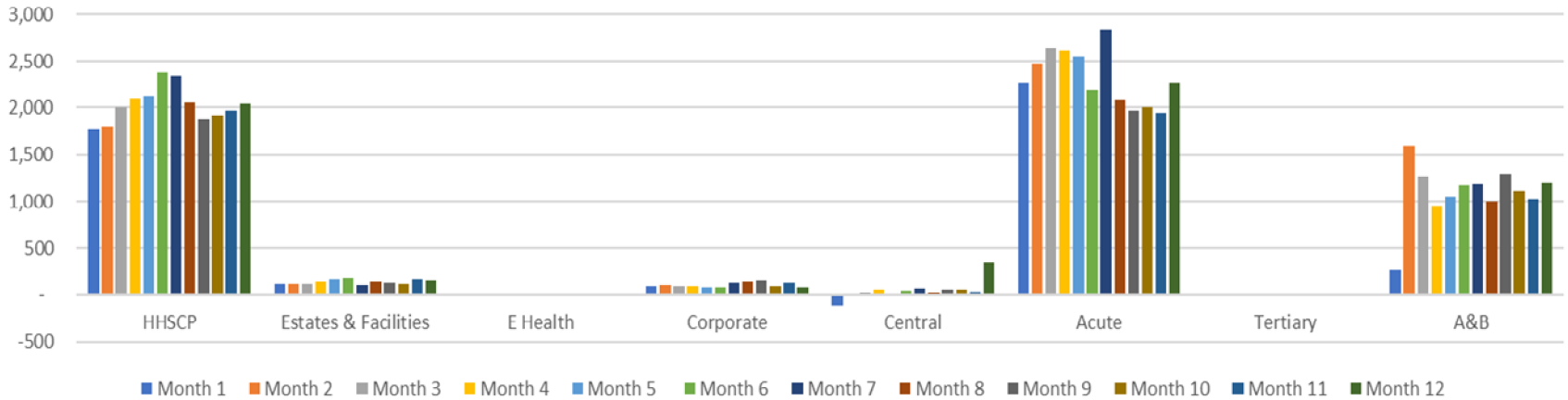




# 2023/2024 YEAR END



### Supplementary Staffing - Monthly Run Rate



### Supplementary Staffing Total Spend 2023/2024



# 2023/2024 YEAR END



Detail	Full Year Plan £m	Full Year Actual £m	Full Year Variance £m
Expenditure by Subjective spend			
Pay	599.220	604.463	(5.243)
Drugs and prescribing	126.234	132.148	(5.914)
Property Costs	58.689	62.045	(3.356)
General Non Pay	50.150	50.611	(0.461)
Clinical Non pay	53.212	57.935	(4.724)
Health care - SLA and out of area	431.957	432.336	(0.379)
Social Care ISC	124.775	133.703	(8.928)
FHS	111.653	109.465	2.188

Detail	Full Year Plan £m	Full Year Actual £m	Full Year Variance £m
<b>Drugs and prescribing</b>			
<b>Hospital drugs</b>	<b>51.525</b>	<b>52.796</b>	<b>(1.271)</b>
<b>Prescribing</b>	<b>74.709</b>	<b>79.352</b>	<b>(4.644)</b>
<b>Total</b>	<b>126.234</b>	<b>132.148</b>	<b>(5.914)</b>

## SUBJECTIVE ANALYSIS

- Pressures continued within all expenditure categories
- The most significant overspend is within the provision of social care from the independent sector
- A consistently high inflation rate this financial year impacted across all areas of spend with the pressure being most significant within estates related costs (particularly utilities) and catering supplies. Overall Drugs and prescribing expenditure was overspent by £5.914m - this is split £1.271m within hospital drugs and £4.644m in primary care prescribing