

# NHS Highland



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

**Meeting date:** 4 September 2024

**Title:** Finance Report – Month 3 2024/2025

**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):

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 Well Themes			

## 2 Report summary

### 2.1 Situation

This report is presented to enable discussion on the summary NHS Highland financial position at Month 3 (June) 2024/2025 with further detail presented on the HHSCP position.

### 2.2 Background

NHS Highland submitted a financial plan to Scottish Government for the 2024/2025 financial year in March 2023. This plan presented an initial budget

gap of £112.491m. With a brokerage cap of £28.400m this meant cost reductions/ improvements of £84.091m were required. The Board received feedback on the draft Financial Plan 2024-27 on the 4 April 2024 which recognised that “the development of the implementation plans to support the above savings options is still ongoing” and therefore the plan was still considered to be draft at this point. The feedback also acknowledged “the significant progress that has been made in identifying savings options and establishing the appropriate oversight and governance arrangements”.

Since the submission and feedback from the draft Financial Plan confirmation has been received that the cost of CAR-T, included within the pressures, will be funded nationally.

There has also been a notification of an additional allocation of £50m nationally on a recurring basis, specifically to protect planned care performance. The NHS Highland share on an NRAC basis is £3.3 million. This funding will enable NHS Highland to maintain the current planned care performance whilst reducing the distance from the brokerage limit in 2024/25.

Additionally, Argyll & Bute IJB has confirmed its ability to deliver financial balance through the use of reserves.

A paper was taken to the NHS Highland Board on 28 February recommending that the Board agree a proposed budget with a £22.204m gap from the brokerage limit of £28.400m – this was agreed and will be reflected in monitoring reports presented to the Finance, Resources & Performance Committee and the NHS Highland Board.

**2.3 Assessment**

The NHS Highland position for the period to end June 2024 (Month 3) is an overspend of £22.659m with this forecast to increase to £49.696m by the end of the financial year. The current forecast assumes that those cost reductions/ improvements identified through value and efficiency workstreams will be achieved and that further cost reduction/ improvement activity will enable the delivery of a balanced ASC position at the end of the FY. This forecast is £21.296m worse than the brokerage limit set by Scottish Government.

The HHSCP is reporting a year to date overspend of £6.973m with this forecast to increase to £24.216 by the end of the financial year. It is assumed that further action on cost reductions/ improvements will reduce this to £7.293m. This position currently only assumes delivery of £5.710m of costs reductions/ improvements within Adult Social Care Value and Efficiency schemes.

**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"/>

**Comment on the level of assurance**

It is only possible to give limited assurance at this time due to current progress on cost reduction/ improvement 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 2024/2025 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 continues to be escalated at level 3 in respect of finance.

**3.4 Risk Assessment/Management**

There is a risk associated with the delivery of the Value & Efficiency programme. The Board are developing further plans to generate cost reductions/ improvements

**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
- FRPC
- Value & Efficiency Assurance Group
- 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
- HHSCP SLT

**4 Recommendation**

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

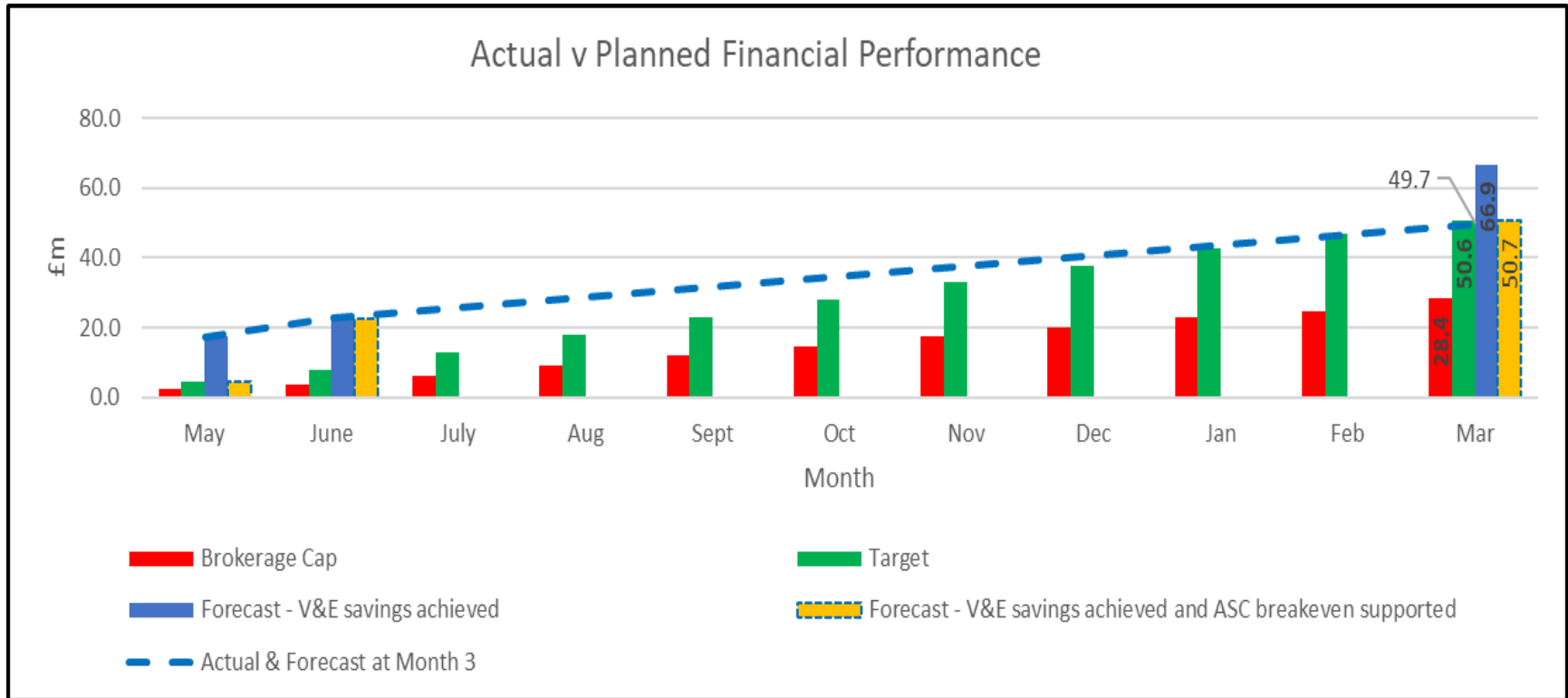
**4.1 List of appendices**

No appendices accompany this report.

## HHSCC Finance Report – 2024/2025 Month 3 (June 2024)

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# MONTH 3 2024/2025 – JUNE 2024



Target	YTD	YE
	£m	Position £m
Delivery against Revenue Resource Limit (RRL) DEFICIT/ SURPLUS	22.7	49.7
Delivery against Brokerage Cap DEFICIT/ SURPLUS	19.2	21.3
Deliver against Target agreed with Board YTD DEFICIT/ SURPLUS	14.7	0.9

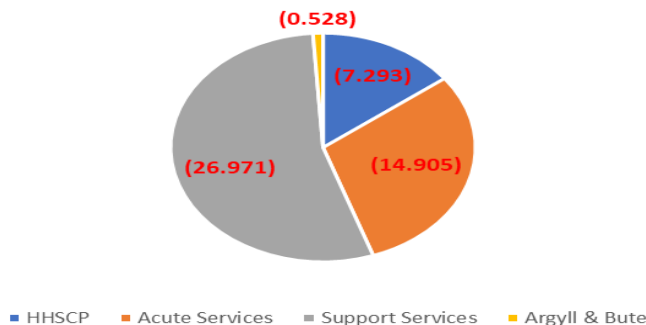
- Forecast year end deficit £49.7m – assuming support to deliver breakeven ASC position
- £21.3m adrift from brokerage limit
- £0.900m better than target agreed with Board May 2024

# MONTH 3 2024/2025 – JUNE 2024



Current Budget £m	Summary Funding & Expenditure	FY Plan £m	FY Actual £m	FY Variance £m	Forecast Outturn £m	Forecast Variance £m
1,187.400	<b>Total Funding</b>	288.792	288.792	-	1,187.400	-
	<b>Expenditure</b>					
461.273	HHSCP	112.158	119.131	(6.973)	485.489	(24.216)
	Support to bring ASC Position to Breakeven Revised HHSCP				(16.923)	16.923
307.007	Acute Services	75.561	79.814	(4.252)	468.566	(7.293)
158.890	Support Services	37.234	48.371	(11.137)	321.912	(14.905)
					185.861	(26.971)
<b>927.171</b>	<b>Sub Total</b>	<b>224.954</b>	<b>247.316</b>	<b>(22.363)</b>	<b>976.339</b>	<b>(49.168)</b>
<b>260.229</b>	<b>Argyll &amp; Bute</b>	<b>63.838</b>	<b>64.134</b>	<b>(0.296)</b>	<b>260.757</b>	<b>(0.528)</b>
<b>1,187.400</b>	<b>Total Expenditure</b>	<b>288.792</b>	<b>311.451</b>	<b>(22.659)</b>	<b>1,237.096</b>	<b>(49.696)</b>

Forecast Deficit by Operational Area



## MONTH 3 2024/2025 SUMMARY

- Overspend of £22.659m reported at end of Month 3
- Overspend forecast to increase to £49.697m by the end of the financial year – when assuming support to deliver a breakeven ASC position
- At this point it is forecast that only those cost reductions/improvements identified through value and efficiency workstreams will be achieved
- Forecast is £21.296m worse than the brokerage limit set by Scottish Government but £0.904m better than the target agreed with the Board in May 2024

# MONTH 3 2024/2025 – JUNE 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>					
256.283	NH Communities	63.666	65.645	(1.979)	274.245	(17.962)
53.770	Mental Health Services	13.163	14.280	(1.116)	58.026	(4.256)
156.950	Primary Care	38.655	39.464	(0.809)	159.798	(2.847)
(5.730)	ASC Other includes ASC Income	(3.327)	(0.257)	(3.070)	(6.579)	0.849
<b>461.273</b>	<b>Total HHSCP</b>	<b>112.158</b>	<b>119.131</b>	<b>(6.973)</b>	<b>485.489</b>	<b>(24.216)</b>
	<b>HHSCP</b>					
286.941	Health	70.543	72.941	(2.398)	294.355	(7.414)
174.332	Social Care	41.615	46.191	(4.575)	191.134	(16.802)
<b>461.273</b>	<b>Total HHSCP</b>	<b>112.158</b>	<b>119.131</b>	<b>(6.973)</b>	<b>485.489</b>	<b>(24.216)</b>
	<b>Support to Bring ASC Position to Breakeven</b>				<b>(16.923)</b>	<b>16.923</b>
<b>461.273</b>	<b>Revised Total HHSCP</b>	<b>112.158</b>	<b>119.131</b>	<b>(6.973)</b>	<b>468.566</b>	<b>(7.293)</b>

- ### HHSCP
- Year to date overspend of £6.973m reported
  - Forecast that this will increase to £7.293m by financial year end – assuming support to balance ASC to breakeven at financial year end
  - Prescribing already emerging as a pressure with £3.200m overspend built into forecast.
  - Assuming delivery of £5.710m of V&E cost reductions/improvements in forecast
  - Supplementary staffing costs continue to drive an overspend position – £2.900m pressure within the forecast
  - £1.500m has been built into the forecast in respect of out of area placements

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	388	1,525
Agency (Nursing)	211	793
Bank	895	2,641
Agency (exclu Med & Nurs)	128	427
<b>Total</b>	<b>1,623</b>	<b>5,386</b>



# MONTH 3 2024/2025 – JUNE 2024



Services Category (HHSCP - less ASC Estates)	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 C	57.557	14.300	14.389	(0.090)	57.882	(0.325)
Total Older People - Care at Home	35.226	8.785	9.661	(0.876)	39.201	(3.975)
Total People with a Learning Disability	45.477	11.340	11.776	(0.436)	56.414	(10.937)
Total People with a Mental Illness	9.759	2.438	2.271	0.166	10.224	(0.465)
Total People with a Physical Disability	8.739	2.184	2.310	(0.126)	10.022	(1.283)
Total Other Community Care	13.145	3.295	3.768	(0.472)	13.956	(0.812)
Total Support Services	4.429	(0.726)	1.415	(2.142)	1.951	2.478
Care Home Support/Sustainability Payments	0.000	0.000	0.599	(0.599)	1.483	(1.483)
<b>Total Adult Social Care Services</b>	<b>174.332</b>	<b>41.615</b>	<b>46.191</b>	<b>(4.575)</b>	<b>191.134</b>	<b>(16.802)</b>

Care Home	Month 3		Total YTD £000's
	Bank £000's	Agency £000's	
Ach an Eas	8	-	40
An Acarsaid	4	-	20
Bayview House	11	-	51
Caladh Sona	-	-	3
Dail Mhor House	-	-	-
Grant House	8	-	21
Home Farm	8	88	314
Invernevis	5	-	17
Lochbroom	14	-	56
Mackintosh Centre	-	-	4
Mains House	-	47	149
Melvich	5	-	15
Pulteney	18	-	81
Seaforth	24	-	61
Strathburn	-	10	35
Telford	-	-	1
Wade Centre	3	-	10
<b>Total</b>	<b>108</b>	<b>145</b>	<b>878</b>

## ADULT SOCIAL CARE

- A forecast overspend of £16.802m is reported within ASC - this in the main relates to a projection of undelivered cost reductions / improvements. This has been adjusted within the overall Board report to assume breakeven with a funding source to be identified
- Additional payments to providers of £1.470m has been built into the forecast position
- A reliance on agency staff in NHS run care homes continues to present a financial risk
- The 2024/2025 quantum has still to be formally agreed but it is anticipated that this will improve the position once there is clarity on the recurring nature of some allocations.

# NORTH HIGHLAND COMMUNITIES - MONTH 3 2024/2025 – JUNE 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
73.721	Inverness & Nairn	18.402	18.649	(0.248)	82.330	(8.609)
53.717	Ross-shire & B&S	13.423	14.724	(1.301)	59.383	(5.666)
47.402	Caithness & Sutherland	11.850	12.119	(0.269)	50.342	(2.941)
55.848	Lochaber, SL & WR	13.955	13.932	0.022	57.048	(1.200)
12.392	Management	2.734	2.900	(0.167)	11.902	0.490
7.107	Community Other AHP	1.788	1.660	0.128	6.760	0.346
6.096	Hosted Services	1.515	1.660	(0.145)	6.479	(0.383)
<b>256.283</b>	<b>Total NH Communities</b>	<b>63.666</b>	<b>65.645</b>	<b>(1.979)</b>	<b>274.245</b>	<b>(17.962)</b>
88.414	Health	21.773	21.951	(0.178)	88.509	(0.095)
167.869	ASC	41.893	43.694	(1.801)	185.736	(17.867)

## NORTH HIGHLAND COMMUNITIES

- £1.979m ytd overspend reported which is forecast to increase to £17.962M by the end of the financial year
- Within Health ongoing vacancies are mitigating cost pressures within Enhanced Community Services and Chronic Pain – both forecast overspends are lower than the 2023/2024 financial year
- Within ASC the main pressure areas are within independent sector provision particularly in Inverness & Nairn and Ross-shire & Badenoch & Strathspey
- £0.692m of pressure associated with supplementary staffing in NHS ran care homes and £1.470m of additional payments to providers further impacts on the position
- The year end forecast assumes delivery of ASC Value & Efficiency Cost Reductions/ Improvements of £5.710m

# MENTAL HEALTH SERVICES - MONTH 3 2024/2025 – JUNE 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>					
26.235	Adult Mental Health	6.503	6.494	0.009	26.517	(0.282)
14.422	CMHT	3.535	3.894	(0.359)	15.868	(1.446)
6.714	LD	1.675	2.064	(0.389)	8.670	(1.956)
6.399	D&A	1.450	1.828	(0.378)	6.972	(0.572)
<b>53.770</b>	<b>Total Mental Health Services</b>	<b>13.163</b>	<b>14.280</b>	<b>(1.116)</b>	<b>58.026</b>	<b>(4.256)</b>

## MENTAL HEALTH SERVICES

- £1.116m overspend reported ytd with this forecast to increase to £4.256m by financial year end
- Within this service area Health is the driver of the overspend position
- The main drivers for the overspend continue to be agency nursing and medical locums – although a significant piece of work is ongoing to reduce these costs with the position beginning to look more positive
- Buvidal and Clozapine drug costs account for a further pressure of £0.200m
- A forecast of £1.500m has been built in for out of area costs with negotiations ongoing with the provider to bring these costs down

## PRIMARY CARE - MONTH 3 2024/2025 – JUNE 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>					
54.356	GMS	13.642	14.151	(0.509)	55.468	(1.112)
67.563	GPS	16.614	17.330	(0.716)	70.021	(2.458)
24.432	GDS	6.215	5.795	0.420	23.715	0.716
5.438	GOS	1.469	1.473	(0.004)	5.448	(0.010)
5.162	PC Management	0.715	0.714	0.001	5.146	0.016
<b>156.950</b>	<b>Total Primary Care</b>	<b>38.655</b>	<b>39.464</b>	<b>(0.809)</b>	<b>159.798</b>	<b>(2.847)</b>

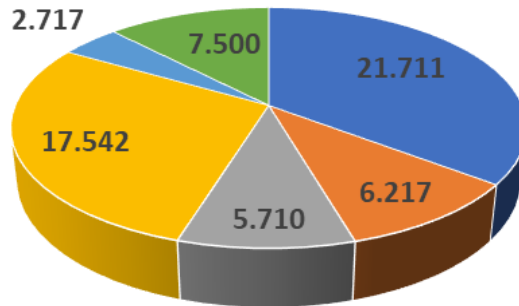
### PRIMARY CARE

- £0.809m overspend reported ytd with this forecast to increase to £2.847m by financial year end
- A £2.700m overspend of prescribing has been built into the year end forecast – both cost and volume are contributing to this position
- £0.841m has been built in to the forecast in respect of locums in 2C practices – this is reducing following successful recruitment in the Alness/ Invergordon practice
- Vacancies in primary care management and GDS are mitigating overspends in other areas
- SG allocations for Primary Care are yet to be confirmed

# MONTH 3 2024/2025 – JUNE 2024



## Cost Reduction/ Improvement Target (£m)



■ NH Value & Efficiency  
 ■ A&B Value & Efficiency  
 ■ ASC Value & Efficiency  
■ ASC Transformation  
 ■ A&B Choices  
 ■ Financial Flexibility

## COST REDUCTON/ IMPROVEMENT

- At the NHS Highland Board Meeting on 28 May the Board agreed to a proposed budget with a £22.204m gap from the brokerage cap
- Current forecasts suggest that delivery will be £0.749m better than previously presented
- It should be noted that there is a high risk around delivery of this position as plans continue to be developed to support delivery of V&E targets
- In addition there is an assumption that additional activity on costs reductions/ improvements will support delivery of a breakeven position within ASC

	Board agreed plan		
	Target £000s	Forecast £000s	Variance £000s
<b>Opening Gap</b>	<b>112.001</b>	<b>112.001</b>	-
<b>Closing the Gap</b>			
NH Value & Efficiency	21.711	25.881	4.170
A&B Value & Efficiency	6.217	5.513	(0.704)
ASC Value & Efficiency	5.710	5.710	-
ASC Transformation	17.542	17.542	-
A&B Choices	2.717		(2.717)
Financial Flexibility	7.500	7.500	-
<b>GAP after improvement activity</b>	<b>50.604</b>	<b>49.855</b>	<b>(0.749)</b>
<b>GAP from Brokerage limit</b>	<b>22.204</b>	<b>21.455</b>	

# MONTH 3 2024/2025 – JUNE 2024



## 2024-25 Value & Efficiency Dashboards as at 12/07/2024 (Month 3)

Value & Efficiency Reduction Programmes	V&A Plan			V&A Current Plan			
	2024-25 Original Target (£'000)	2024-25 Current Target/Plan (£'000)	Plan Gap	2024-25 Plan Achieved (£'000)	2024-25 Plan Forecasted (£'000)	Total Achieved & Forecasted	Current Target GAP
Value & Efficiency - North Highland	21,711	3,543	-18,168	1,340	434	1,774	-1,769
Value & Efficiency - Argyll & Bute	6,217	5,635	-582	4,284	1,229	5,513	-122
<b>Total Value &amp; Efficiency</b>	<b>27,928</b>	<b>9,178</b>	<b>-18,750</b>	<b>5,624</b>	<b>1,663</b>	<b>7,287</b>	<b>-1,891</b>
Value & Efficiency - ASC	23,252	5,700	-17,552	30	5,670	5,700	0
<b>Total Value &amp; Efficiency incl ASC</b>	<b>51,180</b>	<b>14,878</b>	<b>-36,302</b>	<b>5,654</b>	<b>7,333</b>	<b>12,987</b>	<b>-1,891</b>

# MONTH 3 2024/2025 – JUNE 2024

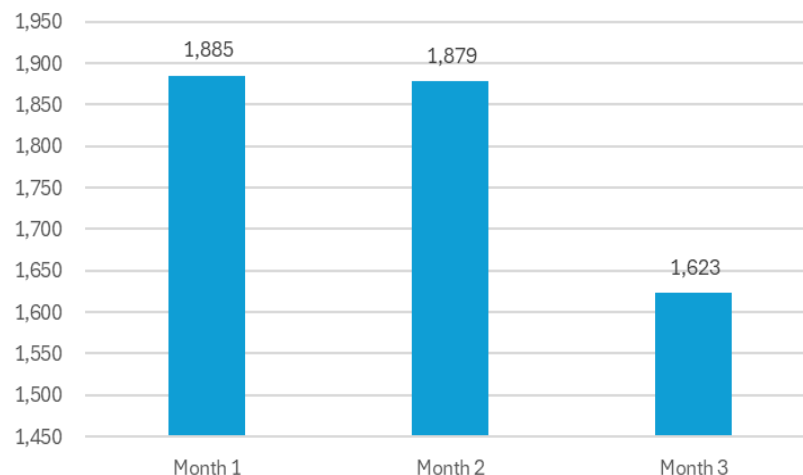
2024/2025 YTD £'000	2023/2024 YTD £'000	Inc/(Dec) £000's
5,386	5,905	(519)
<b>5,386</b>	<b>5,905</b>	<b>(519)</b>

Current Plan £m	Detail	Plan Detail £m	Actual Detail £m	Variance Detail £m
	Pay			
24.801	Medical & Dental	6.216	6.618	(0.402)
4.139	Medical & Dental Support	1.035	1.039	(0.004)
63.723	Nursing & Midwifery	15.923	16.312	(0.389)
16.069	Allied Health Professionals	4.082	3.834	0.248
0.072	Healthcare Sciences	0.018	0.009	0.009
7.817	Other Therapeutic	1.996	2.310	(0.314)
6.594	Support Services	1.646	1.525	0.121
19.157	Admin & Clerical	4.787	5.186	(0.399)
0.389	Senior Managers	0.097	0.035	0.062
51.298	Social Care	12.884	12.094	0.790
0.402	Ambulance Service	0.101	0.125	(0.024)
<b>(3.035)</b>	<b>Vacancy factor/pay savings</b>	<b>(0.777)</b>	<b>0.000</b>	<b>(0.777)</b>
<b>191.429</b>	<b>Total Pay</b>	<b>48.007</b>	<b>49.087</b>	<b>(1.080)</b>

## SUPPLEMENTARY STAFFING

- Total spend on Supplementary Staffing at end of Month 3 is £0.519 lower than at the same point in 2023/2024.
- There is an overspend of £1.080m on pay related costs at the end of Month 3

Supplementary Staffing Total Spend – 2024/2025



# MONTH 3 2024/2025 – JUNE 2024



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	Expenditure by Subjective spend			
191.429	Pay	48.007	49.087	(1.080)
56.711	Drugs and prescribing	14.178	15.180	(1.003)
2.415	Property Costs	0.601	0.694	(0.092)
33.829	General Non Pay	7.509	3.325	4.184
5.217	Clinical Non pay	1.310	2.271	(0.962)
7.017	Health care - SLA and out of area	1.757	1.764	(0.007)
123.890	Social Care ISC	30.860	33.717	(2.858)
78.160	FHS	19.965	19.300	0.665
	Allocations/commitments			
(23.027)	Operational income	(6.216)	(6.209)	(0.008)
(23.252)	Savings	(5.813)	0.000	(5.813)
<b>452.390</b>	<b>Total</b>	<b>112.158</b>	<b>119.131</b>	<b>(6.973)</b>

## SUBJECTIVE ANALYSIS

- Pressures continued within all expenditure categories
- The most significant overspends are within pay – as a result of supplementary staffing spend which is in part mitigated by vacancies – and the provision of social care from the independent sector
- Drugs and prescribing expenditure is currently overspent by £1.003m - this is split £0.322m within hospital drugs and £0.681m in primary care prescribing – this is a significant area within the Board’s Value and Efficiency programme