

NHS Highland



Meeting: Highland Health & Social Care Committee

Meeting date: 10 July 2024

Title: Finance Report – Month 2 2024/225

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 summary NHS Highland financial position at Month 2 (May) 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 May 2024 (Month 2) is an overspend of £17.364m with this forecast to increase to £50.682m 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 support will be available to balance the ASC position at the end of the FY. This forecast is £22.282m worse than the brokerage limit set by Scottish Government.

The HHSCP is reporting a year to date overspend of £4.764m with this forecast to increase to £23.966m by the end of the financial year. 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

Moderate

Limited

None

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 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 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
- Value & Efficiency Assurance Group
- Monthly financial reporting to Scottish Government

3.8 Route to the Meeting

This has been previously considered by the following groups as part of its development. The groups have either supported the content, or their feedback has informed the development of the content presented in this report.

- EDG
- FRPC

4 Recommendation

Discussion – Examine and consider the implications of the matter.

4.1 List of appendices

The following appendices are included with this report:

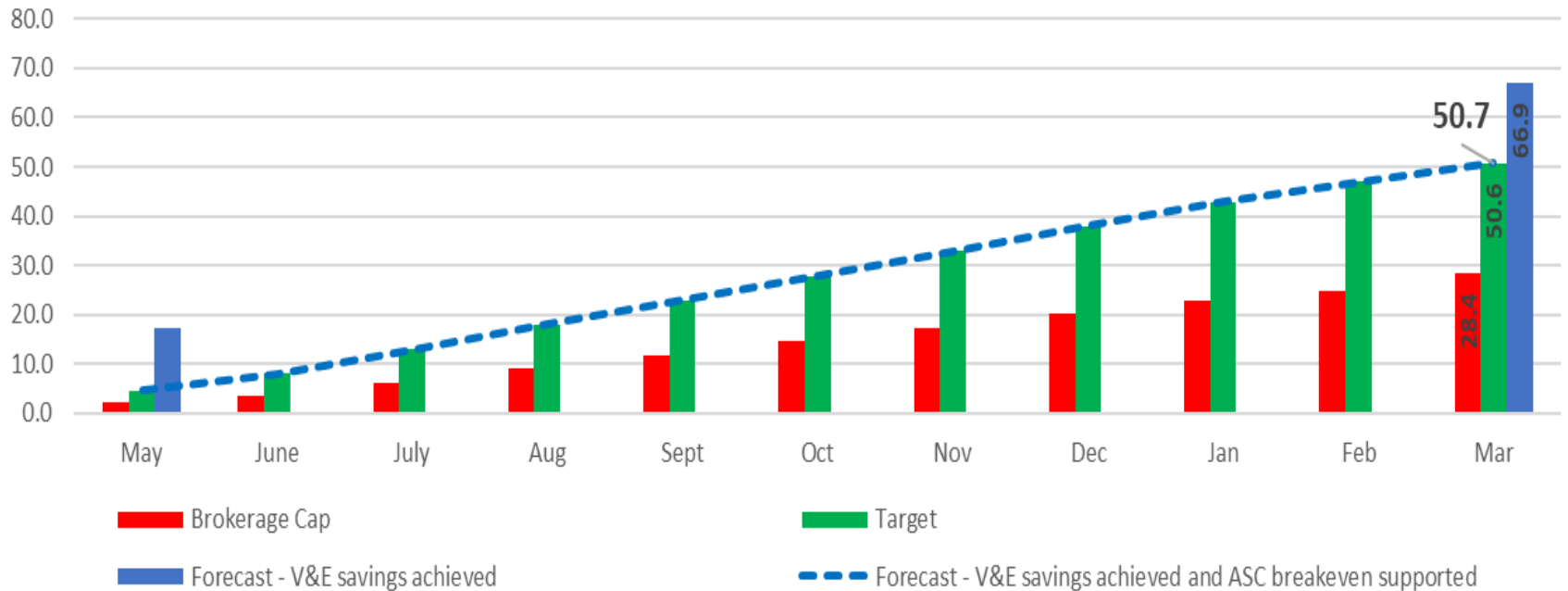
No appendices accompany this report

HHSCC Finance Report – 2024/2025 Month 2 (May 2024)

MONTH 2 2024/2025 – MAY 2024



Actual v Planned Financial Performance



Target	YE Position £m
Delivery against Revenue Resource Limit (RRL) DEFICIT/ SURPLUS	50.7
Delivery against Financial Plan DEFICIT/ SURPLUS	22.3

- Forecast year end deficit £50.7m – assuming support to deliver breakeven ASC position
- £22.3m adrift from brokerage limit

NHS HIGHLAND - MONTH 2 2024/2025 – MAY 2024

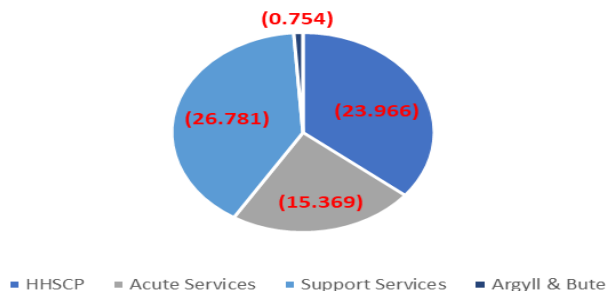


Current Budget £m	Summary Funding & Expenditure	FY Plan £m	FY Actual £m	FY Variance £m	Forecast Outturn £m	Forecast Variance £m
1,184.600	Total Funding	197.054	197.054	-	1,184.600	-
	Expenditure					
457.712	HHSCP	74.632	79.397	(4.764)	481.678	(23.966)
306.373	Acute Services	50.280	54.698	(4.418)	321.742	(15.369)
166.460	Support Services	30.548	38.385	(7.837)	193.240	(26.781)
930.545	Sub Total	155.461	172.480	(17.019)	996.661	(66.117)
254.056	Argyll & Bute	41.593	41.938	(0.345)	254.810	(0.754)
1,184.600	Total Expenditure	197.054	214.418	(17.364)	1,251.471	(66.871)
	Support to bring ASC position to breakeven					16.189
	Adjusted Forecast					(50.682)

MONTH 2 2024/2025 SUMMARY

- Overspend of £17.364m reported at end of Month 2
- Overspend forecast to increase to £50.682m 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 £22.282m worse than the brokerage limit set by Scottish Government

Forecast Deficit by Operational Area



HHSCP - MONTH 2 2024/2025 – MAY 2024



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
	HHSCP					
255.406	NH Communities	42.381	43.970	(1.589)	272.637	(17.231)
53.155	Mental Health Services	8.770	9.536	(0.766)	57.558	(4.403)
154.019	Primary Care	25.683	26.479	(0.796)	156.944	(2.925)
(4.867)	ASC Other includes ASC Income	(2.202)	(0.588)	(1.614)	(5.461)	0.594
457.712	Total HHSCP	74.632	79.397	(4.764)	481.678	(23.966)
	HHSCP					
283.233	Health	46.908	48.608	(1.700)	291.011	(7.777)
174.479	Social Care	27.724	30.788	(3.064)	190.668	(16.189)
457.712	Total HHSCP	74.632	79.397	(4.764)	481.678	(23.966)

Locum/ Agency & Bank Spend	In Month £'000	YTD £'000
Locum	588	1,137
Agency (Nursing)	256	582
Bank	821	1,746
Agency (exclu Med & Nurs)	214	299
Total	1,879	3,764

Overall NHS Highland position adjusted to reflect assumption that support will be available to balance ASC position to breakeven at financial year end

HHSCP

- Year to date overspend of £4.764m reported
- Forecast that this will increase to £23.966m by financial year end
- Prescribing already emerging as a pressure with £3.800m overspend built into forecast.
- The YTD position also includes £3.875m of slippage against the ASC cost reduction/improvement target – assuming delivery of £5.710m of V&E cost reductions/improvements in forecast
- Supplementary staffing costs continue to drive an overspend position – a number of Value & Efficiency workstreams have been initiated with work ongoing to reduce the level of spend

ADULT SOCIAL CARE - MONTH 2 2024/2025 – MAY 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	58,256	9,663	9,887	(225)	58,610	(354)
Total Older People - Care at Home	35,117	5,874	6,351	(477)	39,028	(3,911)
Total People with a Learning Disability	45,477	7,597	8,289	(692)	56,460	(10,982)
Total People with a Mental Illness	9,759	1,628	1,509	119	9,530	228
Total People with a Physical Disability	8,739	1,464	1,542	(78)	9,897	(1,158)
Total Other Community Care	13,145	2,196	2,103	93	13,948	(803)
Total Support Services	4,511	(609)	983	(1,592)	2,370	2,140
Care Home Support/Sustainability Payments	-	-	233	(233)	1,470	(1,470)
Total Adult Social Care Services	175,003	27,812	30,896	(3,085)	191,313	(16,310)

Care Home	Month 2		Total YTD £000's
	Bank £000's	Agency £000's	
Ach-an-eas	15	-	30
An Acarsaid	8	-	20
Bayview House	18	-	37
Caladh Sona	4	-	6
Dail Mhor House	0	-	1
Grant House	23	-	36
Home Farm Portree	8	124	221
Invernevis House	6	-	21
Lochbroom House	21	-	42
Mackintosh Centre	1	-	2
Mains House Care Home	1	54	104
Melvich Centre	5	-	9
Pulteney House	24	-	57
Seaforth House	20	-	41
Strathburn House	6	20	47
Telford Centre	0	-	1
Wade Centre	11	-	19
Total	172	198	692

ADULT SOCIAL CARE

- A forecast overspend of £16.310m is reported within ASC - this in the main relates to a projection of undelivered cost reductions / improvements. This has been adjusted at Board level on basis of assumption that support will be available to deliver a breakeven ASC position
- 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 2 2024/2025 – MAY 2024



Annual Plan £000	Detail	Plan to Date £000	Actual to Date £000	Variance to Date £000	Forecast Outturn £000	Var from Curr Plan £000
73,530	Inverness & Nairn	12,270	12,726	(456)	82,071	(8,541)
53,358	Ross-shire & B&S	8,905	9,792	(887)	58,940	(5,582)
47,192	Caithness & Sutherland	7,875	8,076	(200)	50,016	(2,824)
55,839	Lochaber, SL & WR	9,303	9,211	92	56,873	(1,035)
12,430	Management	1,820	1,944	(124)	11,731	698
7,101	Community Other AHP	1,192	1,114	78	6,789	312
5,957	Hosted Services	1,017	1,109	(92)	6,217	(260)
255,406	Total NH Communities	42,381	43,970	(1,589)	272,637	(17,231)

88,246	Health	14,486	14,452	34	87,994	252
167,160	ASC	27,895	29,518	(1,623)	184,643	(17,483)

NORTH HIGHLAND COMMUNITIES

- £1.589m ytd overspend reported which is forecast to increase to £17.231m 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 2 2024/2025 – MAY 2024



Annual Plan £000	Detail	Plan to Date £000	Actual to Date £000	Variance to Date £000	Forecast Outturn £000	Var from Curr Plan £000
	Mental Health Services					
26,230	Adult Mental Health	4,335	4,451	(116)	26,707	(477)
14,411	Community Mental Health Team	2,355	2,466	(112)	15,224	(813)
6,714	Learning Disabilities (LD)	1,114	1,456	(342)	8,660	(1,946)
5,799	Drug and Alcohol Recovery Servi	967	1,162	(196)	6,967	(1,168)
53,155	Total Mental Health Services	8,770	9,536	(766)	57,558	(4,403)
40,969	Health	6,739	7,677	(937)	46,072	(5,104)
12,186	ASC	2,031	1,859	172	11,486	701

MENTAL HEALTH SERVICES

- £0.766m overspend reported ytd with this forecast to increase to £5.104m 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 £0.899m
- 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 2 2024/2025 – MAY 2024



Annual Plan £000	Detail	Plan to Date £000	Actual to Date £000	Variance to Date £000	Forecast Outturn £000	Var from Curr Plan £000
	Primary Care					
53,946	GMS	8,873	9,253	(380)	54,826	(880)
67,563	GPS	11,041	11,754	(713)	70,044	(2,480)
22,814	GDS	4,293	3,963	330	22,450	365
5,438	GOS	1,011	1,015	(4)	5,443	(5)
4,257	PC Management	465	494	(29)	4,182	75
154,019	Total Primary Care	25,683	26,479	(796)	156,944	(2,925)

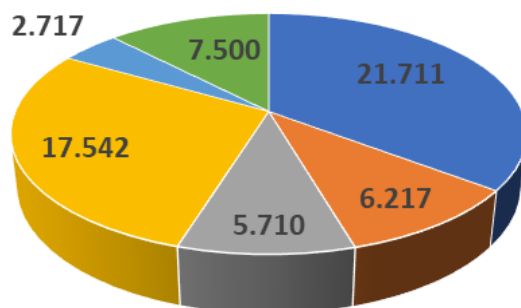
PRIMARY CARE

- £0.796m overspend reported ytd with this forecast to increase to £2.925m by financial year end
- A £2.600m overspend of prescribing has been built into the year end forecast – both cost and volume are contributing to this position
- £0.880m 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

COST REDUCTIONS/ IMPROVEMENTS MONTH 2 2024/2025 – MAY 2024



Cost Reduction/ Improvement Target (£m)



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

	Board agreed plan		
	Target £000s	Forecast £000s	Variance £000s
Opening Gap	112.001	112.001	-
Closing the Gap			
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	-
GAP after improvement activity	50.604	49.855	(0.749)
GAP from Brokerage limit	22.204	21.455	

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 support will be available to deliver a breakeven position within ASC

SUPPLEMENTARY STAFFING - MONTH 2 2024/2025 – MAY 2024



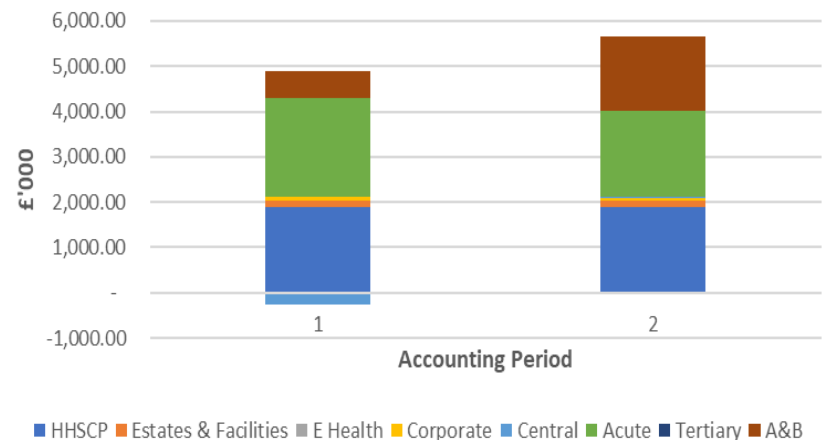
	2023/2024 YTD £'000	2022/2023 YTD £'000	Inc/ (Dec) YTD £'000
HHSCP	3,764	3,577	187
Estates & Facilities	295	235	60
E Health	4	5.00	(1)
Corporate	146	203	(57)
Central	(244)	(133)	(111)
Acute	4,089	4,746	(657)
Tertiary	0	1	-
Argyll & Bute	2,238	1,867	371
TOTAL	10,292	10,501	(208)

SUPPLEMENTARY STAFFING

- Total spend on Supplementary Staffing at end of Month 2 is £0.208m lower than at the same point in 2023/2024.
- There is an overspend of £2.304m on pay related costs at the end of Month 2

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	Pay			
118.981	Medical & Dental	19.504	20.964	(1.460)
6.568	Medical & Dental Support	1.090	1.390	(0.300)
212.118	Nursing & Midwifery	35.007	35.753	(0.746)
40.077	Allied Health Professionals	6.661	6.208	0.452
16.362	Healthcare Sciences	2.772	2.688	0.085
21.201	Other Therapeutic	3.480	3.629	(0.149)
45.538	Support Services	7.581	7.388	0.193
82.205	Admin & Clerical	13.456	13.487	(0.031)
3.344	Senior Managers	0.561	0.491	0.070
58.154	Social Care	9.551	9.162	0.389
(9.725)	Vacancy factor/pay savings	(1.539)	(0.731)	(0.807)
594.823	Total Pay	98.126	100.429	(2.304)

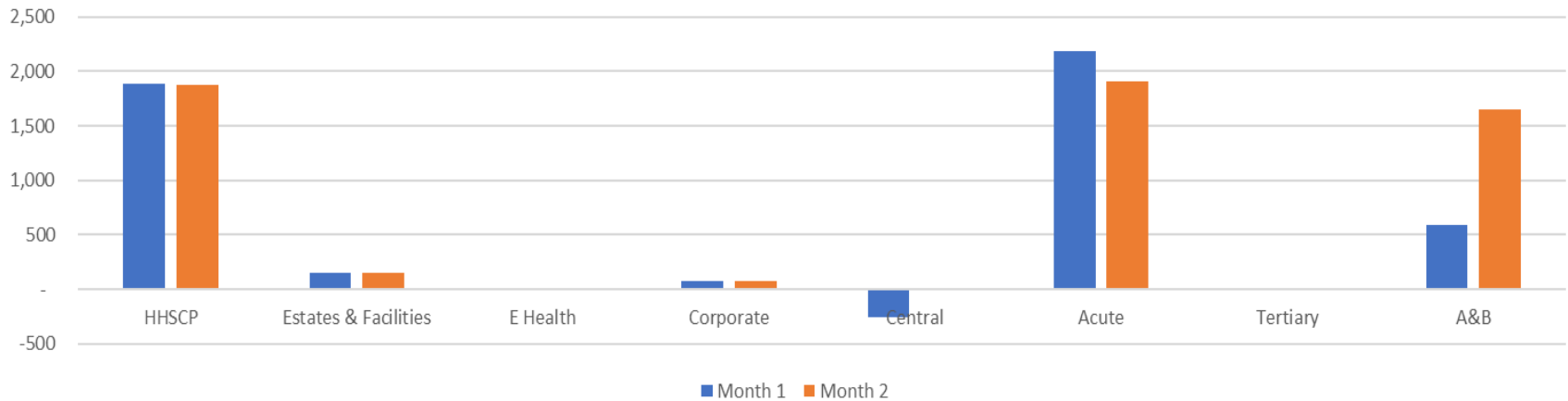
Supplementary Staffing Apr 24 - Mar 25



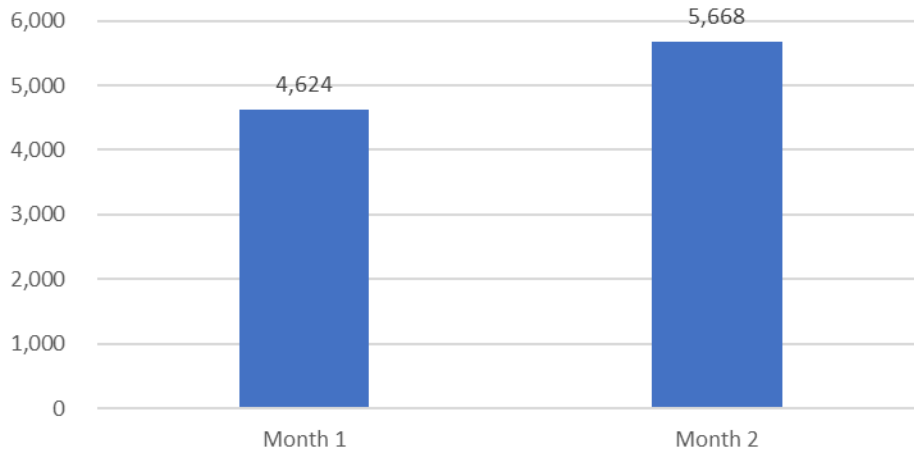
SUPPLEMENTARY STAFFING - MONTH 2 2024/2025 – MAY 2024



Supplementary Staffing - Monthly Run Rate



Supplementary Staffing Total Spend 2023/2024



- £1.044m increase in spend in Month 2 over Month 1
- Reduction in spend in Corporate/ Central teams since 2023/2024

SUBJECTIVE ANALYSIS - MONTH 2 2024/2025 – MAY 2024



Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	Expenditure by Subjective spend			
594.823	Pay	98.126	100.429	(2.304)
128.250	Drugs and prescribing	21.129	23.061	(1.932)
62.930	Property Costs	10.188	10.648	(0.460)
40.570	General Non Pay	6.728	7.111	(0.383)
51.405	Clinical Non pay	8.532	9.809	(1.277)
147.101	Health care - SLA and out of area	36.629	37.196	(0.567)
122.764	Social Care ISC	20.532	22.593	(2.062)
107.410	FHS	18.568	17.934	0.634

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m
	Drugs and prescribing			
49.754	Hospital drugs	8.142	9.328	(1.186)
78.496	Prescribing	12.988	13.734	(0.746)
128.250	Total	21.129	23.061	(1.932)

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 £1.932m - this is split £1.186m within hospital drugs and £0.746m in primary care prescribing – this is a significant area within the Board’s Value and Efficiency programme

2023/2024 ADULT SOCIAL CARE OUT-TURN

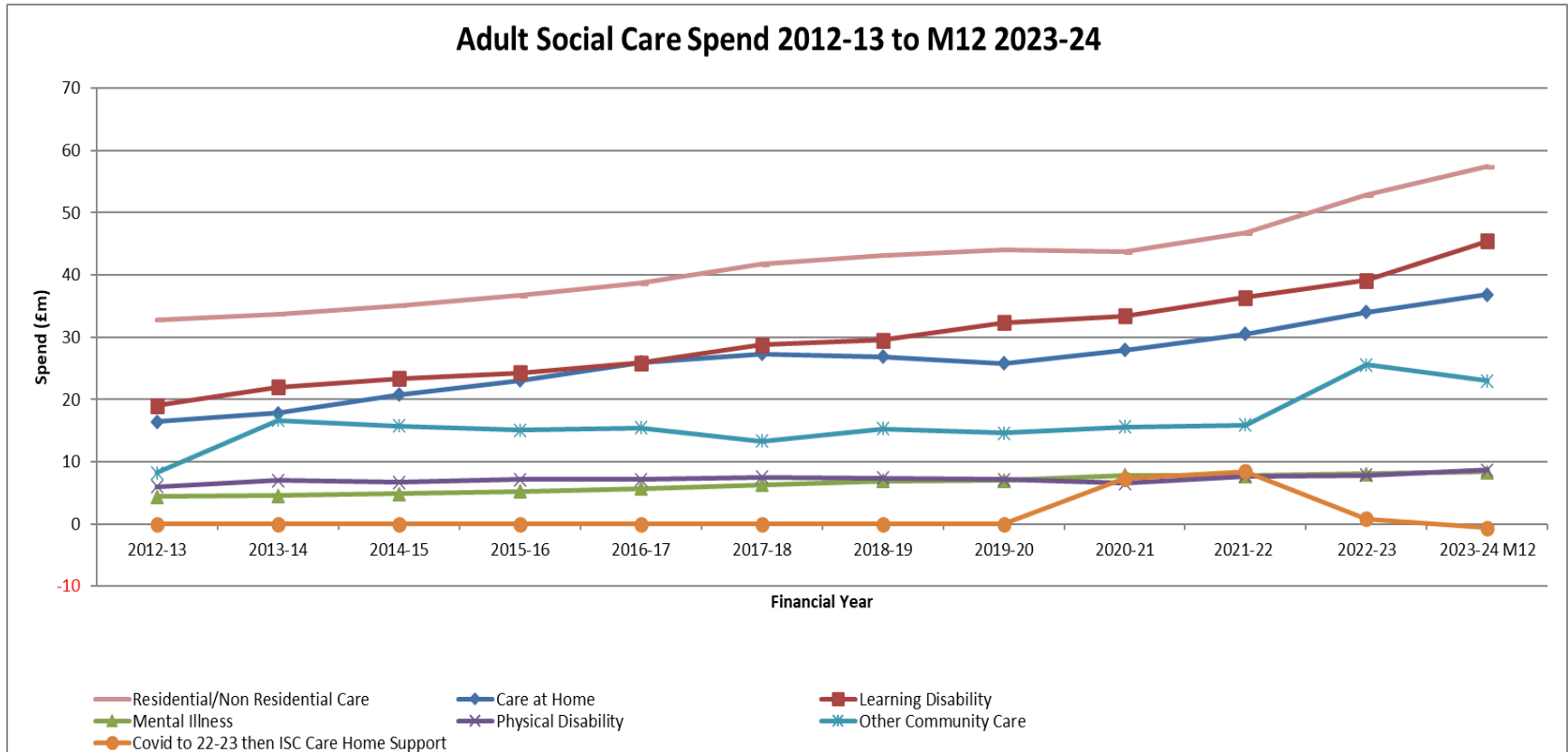


Services Category	Annual Budget £000's	Outturn £000's	YE Variance £000's
Total Older People - Residential/Non Residential Care	58,359	57,375	984
Total Older People - Care at Home	34,674	36,843	(2,169)
Total People with a Learning Disability	41,778	45,446	(3,668)
Total People with a Mental Illness	8,276	8,373	(97)
Total People with a Physical Disability	8,334	8,650	(316)
Total Other Community Care	18,441	18,247	194
Total Support Services	9,150	4,733	4,417
Care Home Support/Sustainability Payments	-	(655)	655
Total Adult Social Care Services	179,011	179,011	-

- No adjustments were made to the position reported to the HHSCC on 8 May 2024
- Following confirmation of the quantum figure taking into account all additional SG funding and a drawdown from the ASC reserve held by Highland Council on NHS Highland's behalf, a breakeven position is reported

- £1.211m spend on sustainability payments to ensure continuity of service
- £3.488m increase in budget due to movement in quantum

ADULT SOCIAL CARE YEARLY MOVEMENT



- 77% Increase in total costs from 2012/2013 to 2023/2024

ADULT SOCIAL CARE IN-HOUSE TO ISC/SDS SPLIT



Service Category	Out turn 2023-24 £000's
Older People - Care Homes (in House)	18,783
Older People - Other non residential Care (in house)	1,506
Older People - Care at Home (in House)	16,488
People with a Learning Disability (in house)	4,116
People with a Mental Illness (in house)	461
People with a Physical Disability (in house)	822
Community Care Teams	9,544
People Misusing Drugs and Alcohol	0
Telecare	1,012
Business Support	1,799
Management and Planning	2,934
Total in House	57,465

32.1% IN House
67.9% ISC/ SDS

Older People - Care at Home (ISC/SDS)	20,354
Older People - Care Homes (ISC/SDS)	35,629
Older People - Other non residential Care (ISC)	1,457
People with a Learning Disability (ISC/SDS)	41,330
People with a Mental Illness (ISC/SDS)	7,913
People with a Physical Disability (ISC/SDS)	7,827
People Misusing Drugs and Alcohol (ISC)	140
Housing Support	6,087
Covid to 22-23 then ISC Care Home Support	-655
Carers Support	1,465
Total ISC/SDS	121,547
Total Adult Social Care Service	179,011