

Agenda Item	<b>3.a</b>
Report No	<b>JMC/02/23</b>

## THE HIGHLAND COUNCIL

**Committee:** Joint Monitoring Committee

**Date:** 24 February 2023

**Report Title:** Highland Health & Social Care Partnership Finance Report at Month 9 2022/2023

**Report By:** Heledd Cooper, Director of Finance, NHS Highland

### **1 Purpose/ Executive Summary**

- 1.1 This paper provides detail of the Highland Health and Social Care Partnership financial position at the end of period 9 (December) of the 2022/2023 financial year.

### **2 Recommendations**

- 2.1 Members are asked to:
- i. Note the financial position at the end of Month 9 2022/2023
  - ii. Note the forward projection for 2023/2024

### **3 Implications**

- 3.1 Resource – there are financial resource implications associated with this paper for the financial years 2022/2023 and 2023/2024.
- 3.2 Legal – there are no legal implications associated with this paper.
- 3.3 Community (Equality, Poverty, Rural and Island) – there are no community implications associated with this paper.
- 3.4 Climate Change/ Carbon Clever – no associated implications.
- 3.5 Risk – there are no specific risks associated with the content of this paper. Ongoing financial/ funding issues for NHS Highland are recorded in the Board's risk register.

3.6 Gaelic – no associated implications.

#### **4 NHS Highland Financial Plan**

- 4.1 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. It is now anticipated that SG will provide financial support by way of repayable brokerage.
- 4.2 Detailed Financial Performance Returns have been submitted to Scottish Government monthly from month 3. This is a move from quarterly reporting in 2021/2022 recognising the severity of the financial challenge that all Boards are facing.

#### **5 NHS Highland Financial Position at end Month 9 2022/2023**

- 5.1 For the nine months to the end of December 2022 NHS Highland has overspent against the year-to-date budget by £24.488m and is forecasting an adjusted overspend of £22.631m at financial year end taking into account the current position, mitigating actions from the recovery plan, remedial actions in Argyll & Bute, additional New Medicines funding and a reduction in the CNORIS estimate of expenditure.
- 5.2 A recovery plan was submitted to SG at the end of September 2022. Since submissions a number of mitigating actions identified in the plan have materialised and are reflected in the position. Some actions are no longer viable and this together with an increase in the run rate of expenditure means that the current position is £6.359m adrift from the SG estimate of £16.272m (the initial gap in the financial plan submitted to SG).
- 5.3 The YTD position includes slippage against the CIP of £12.488m with slippage of £16.962 forecast through to financial year end.
- 5.4 A breakdown of the year-to-date position and the year-end forecast is detailed in Table 1.

**Table 1 – Summary Income and Expenditure Report as at December 2022**

Current Plan £m	Summary Funding & Expenditure	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
1,092.068	<b>Total Funding</b>	771.424	771.424	-	1,092.068	-
	<b>Expenditure</b>					
411.003	HHSCP	307.804	313.346	(5.541)	418.823	(7.819)
247.448	Acute Services	188.703	207.130	(18.427)	273.678	(26.230)
194.680	Support Services	100.104	100.384	(0.281)	195.755	(1.075)
<b>853.130</b>	<b>Sub Total</b>	<b>596.611</b>	<b>620.860</b>	<b>(24.249)</b>	<b>888.256</b>	<b>(35.125)</b>
238.938	Argyll & Bute	174.813	175.052	(0.239)	239.283	(0.345)
<b>1,092.068</b>	<b>Total Expenditure</b>	<b>771.424</b>	<b>795.912</b>	<b>(24.488)</b>	<b>1,127.538</b>	<b>(35.470)</b>
	Additional New Medicines Fund & Reduction in CNORIS expenditure					3.684
	A&B Remedial Actions					0.345
	Recovery Plan Actions					8.810
	<b>Adjusted Forecast</b>					<b>(22.631)</b>

5.5 A breakdown of the forecast by cost previously charged to Covid, unachieved savings and the net operational position is detailed in Table 2.

**Table 2 – Breakdown of YTD & Forecast**

Current Plan £m	Summary Funding & Expenditure	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m	Operational (Over)/Under £m	Savings Unachieved £m
1,092.068	<b>Total Funding</b>	771.424	771.424	-	1,092.068	-		
	<b>Expenditure</b>							
411.003	HHSCP	307.804	313.346	(5.541)	418.823	(7.819)	(1.539)	(6.280)
247.448	Acute Services	188.703	207.130	(18.427)	273.678	(26.230)	(20.134)	(6.096)
194.680	Support Services	100.104	100.384	(0.281)	195.755	(1.075)	1.862	(2.938)
<b>853.130</b>	<b>Sub Total</b>	<b>596.611</b>	<b>620.860</b>	<b>(24.249)</b>	<b>888.256</b>	<b>(35.125)</b>	<b>(19.811)</b>	<b>(15.314)</b>
238.938	Argyll & Bute	174.813	175.052	(0.239)	239.283	(0.345)	1.303	(1.648)
<b>1,092.068</b>	<b>Total Expenditure</b>	<b>771.424</b>	<b>795.912</b>	<b>(24.488)</b>	<b>1,127.538</b>	<b>(35.470)</b>	<b>(18.508)</b>	<b>(16.962)</b>
	Additional New Medicines Fund & Reduction in CNORIS expenditure				3.684		3.684	
	A&B Remedial Actions				0.345		0.345	
	Recovery Plan Actions				8.810		8.810	
	<b>Adjusted Forecast</b>				<b>(22.631)</b>		<b>(5.669)</b>	<b>(16.962)</b>

## 6 Highland Health & Social Care Partnership

6.1 The HHSCP is reporting a YTD overspend of £5.541 with this forecast to increase to £7.819m by financial year end. Table 3 shows the position across Health and Social Care.

**Table 3 – HHSCP Breakdown as at December 2022**

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>					
224.772	NH Communities	167.914	173.118	(5.204)	232.254	(7.482)
45.792	Mental Health Services	34.353	35.251	(0.899)	47.225	(1.433)
143.023	Primary Care	107.166	107.111	0.055	143.027	(0.004)
(2.584)	ASC Other includes ASC Income	(1.628)	(2.135)	0.507	(3.683)	1.099
<b>411.003</b>	<b>Total HHSCP</b>	<b>307.804</b>	<b>313.346</b>	<b>(5.541)</b>	<b>418.823</b>	<b>(7.819)</b>
	<b>HHSCP</b>					
250.377	Health	186.922	192.463	(5.541)	258.197	(7.820)
160.626	Social Care	120.883	120.883	-	160.626	-
<b>411.003</b>	<b>Total HHSCP</b>	<b>307.804</b>	<b>313.346</b>	<b>(5.541)</b>	<b>418.823</b>	<b>(7.819)</b>

6.2 Within Health the forecast position reflects:

- £4.180 of unachieved savings
- £0.787m of service pressures in Enhanced Community Services & Palliative Care
- £0.705m relating to minor works undertaken at New Craigs – these works were required for operational reasons during the pandemic but were delayed.
- £0.544m relating to Chronic Pain service
- £0.225m relating to additional costs re Alness and Invergordon reverting to a 2c practice.

6.3 Adult Social Care is currently reporting a breakeven position with funding being drawn from the funds held by Highland Council over financial year end. Slippage on the ASC element of the CIP of £2.100m has been covered by this funding drawdown. This will leave a reserves balance of £9.823m to be carried forward to 2023/2024 subject to the final year end position.

6.4 Forecast Adult Social Care expenditure includes payments to Care Homes of enhances services, mileage uplifts to Care at Home providers to bring parity with NHS rate, provider relief sustainability payments, enhanced responder service and additional costs associated with new Care home provision.

6.5 **Appendix 1** to this paper details a breakdown of the financial position across Adult Social Care Service Categories.

## **7 Cost Improvement Programme**

- 7.1 NHS Highland established a £26.000m Cost Improvement Programme for 2022/2023.
- 7.2 The HHSCP element of this CIP is £9.293m - £3.000m of which relates to ASC.
- 7.3 £2.857m of savings have been achieved at the end of month 9. This is forecast to rise to £3.013m by financial year end. Slippage on the ASC element - £2.100m. will be covered by a draw down of funding from the funding held by Highland Council over financial year end. The balance of slippage £4.180m is reflected in the overall forecast out-turn for the HHSCP.

## **8 2021/2022 Year End Flexibility**

- 8.1 Highland Council managed an element of funding received from Scottish Government in Q4 of the 2021/2022 financial year over financial year end. The totally passed over to Highland Council was £16.352 - £7.100m of this funding relates to Covid Costs within the HHSCP and the balance of £9.252m was slippage on ASC related allocations which were to be used in support of the ASC funding position in 2022/2023.
- 8.2 As work commenced nationally to review the overall financial challenge in 2022/2023 the flexible use of the non-Covid related funding has been discussed with the expectation that this will be utilised in Board to support the 2022/2023 position and assist with closing the Adult Social Care overspend position.
- 8.3 Scottish Government have indicated that unspent Covid funding will be reclaimed - NHS Highland is continuing to work with SG and Highland Council to facilitate return of this funding.

## **10 2023/2024**

- 10.1 A draft financial plan for NHS Highland has recently been submitted to Scottish Government. This plan highlights an initial financial gap of £105.959m - £4.113m of this gap relates to ASC funding.
- 10.2 The ASC element of the financial plan has been developed on the following basis:
- Expenditure run rate projected forward for 12 months from 1 April 2023.
  - Inflationary assumptions in line with those used for the NHS Highland Board submission have been used to uplift non-staff costs, This includes an estimate of a 10% uplift on the NCHC.
  - At this stage it has been assumed that SG will fund pay uplifts – this is a risk as ASC pay costs sit outwith NHS Highland’s baseline funding
  - Estimate of pay uplift based again on SG indicated assumptions – 2%

- Additional SG funding assumed as per previous years and per new spending. A flat cash quantum is assumed in respect of both Highland Council and NHS Highland contributions (the NHS uplift of 2% is on baseline funding and does not include ASC). This additional SG funding of £4.293m will be added directly to the quantum as illustrated in Table 4.

**Table 4 – ASC 2023/024 Estimate**

**2023/2024 - Estimate**

Estimated Expenditure	157.416	Quantum	107.600
ASC services now integrated within health codes	4.160	NHS Highland	27.300
<i>Inflation</i>			
Pay	4.055		
Non pay	4.722	Additional 21/22 SG Resource	27.500
Additional NCHC	1.996		
		Additional 23/24 SG Resource	4.293
	<u>172.348</u>		<u>166.693</u>
<b>Gap as per above</b>	<b>5.655</b>		
<b>Additional Recurrent Pressures:</b>			
Transitions	0.668		
Revised models of care	2.801		
<b>Non Recurrent pressure:</b>			
Care Home Support	3.912		
Analogue to Digital switch	0.900		
Offset by 2021/2022 YE Flexibility	(9.823)		
<b>In year Gap</b>	<b>4.113</b>		

10.3 This results in a gap of £5.655m

10.4 However, a number of further cost pressures have been identified and are estimated below:

- Additional emerging recurring pressures incorporated – Transitions, Care Home Running costs - £3.469m
- Non-recurring pressures incorporated – care home support, analogue to digital switch - £4.812m

10.5 It is intended that the balance of resource held by Highland Council from the 2021/2022 year end will be utilised to offset additional costs.

10.6 At this stage of the financial planning process there are still a number of unknowns – such as lease costs, replacement costs associated with Care First and when revised care provision models will be in place. The financial plan will be update to reflect confirmed costs and reported back to this Committee.

10.7 An ASC savings programme has been established and potential programmes of work are currently being scoped to close this financial gap.

10.9 On the basis of the figures set out above there are a number of risks which are being actively discussed by the Partners in the event that they result in an overspend. Such an overspend will be dealt with in accordance with the provisions of the Integration Scheme and reported in due course to the JMC. Those risks include:-

- Anticipated Savings not being delivered
- Estimated costings in relation to care home issues previously identified are more than anticipated
- Pay awards are more than budgeted for
- Further care home failures

**Adult Social Care Financial Statement at Quarter 3 2022-23**

Services Category	Annual Budget £000's	YTD Budget £000's	YTD Actual £000's	YTD Variance £000's	Forecast Outturn £000's	Forecast Variance £000's
<b>Older People - Residential/Non Residential Care</b>						
Older People - Care Homes (In House)	14,989	11,096	10,880	216	14,639	350
Older People - Care Homes - (ISC/SDS)	32,302	24,486	25,385	(899)	33,277	(975)
Older People - Other non-residential Care (in House)	1,171	880	824	56	1,096	75
Older People - Other non-residential Care (ISC)	1,590	1,194	1,164	30	1,553	37
<b>Total Older People - Residential/Non Residential Care</b>	<b>50,052</b>	<b>37,656</b>	<b>38,254</b>	<b>(598)</b>	<b>50,564</b>	<b>(512)</b>
<b>Older People - Care at Home</b>						
Older People - Care at Home (in House)	14,978	11,225	10,907	318	14,568	409
Older People - Care at home (ISC/SDS)	16,841	12,638	13,889	(1,252)	18,025	(1,183)
<b>Total Older People - Care at Home</b>	<b>31,819</b>	<b>23,863</b>	<b>24,797</b>	<b>(934)</b>	<b>32,593</b>	<b>(774)</b>
<b>People with a Learning Disability</b>						
People with a Learning Disability (In House)	4,396	3,293	2,402	891	3,204	1,192
People with a Learning Disability (ISC/SDS)	34,734	26,095	26,238	(143)	35,280	(546)
<b>Total People with a Learning Disability</b>	<b>39,130</b>	<b>29,388</b>	<b>28,640</b>	<b>748</b>	<b>38,485</b>	<b>646</b>
<b>People with a Mental Illness</b>						
People with a Mental Illness (In House)	518	389	220	169	293	225
People with a Mental Illness (ISC/SDS)	7,914	5,937	5,790	146	7,809	105
<b>Total People with a Mental Illness</b>	<b>8,433</b>	<b>6,326</b>	<b>6,011</b>	<b>315</b>	<b>8,103</b>	<b>330</b>
<b>People with a Physical Disability</b>						
People with a Physical Disability (In House)	910	686	461	226	631	278
People with a Physical Disability (ISC/SDS)	6,951	5,231	5,228	3	7,377	(426)
<b>Total People with a Physical Disability</b>	<b>7,861</b>	<b>5,917</b>	<b>5,689</b>	<b>228</b>	<b>8,008</b>	<b>(148)</b>
<b>Other Community Care</b>						
Community Care Teams	7,862	5,805	5,021	784	6,849	1,013
People Misusing Drugs and Alcohol (ISC)	16	12	8	4	10	6
Housing Support	6,091	4,535	4,255	280	5,991	100
Telecare	895	687	535	152	710	185
Carers Support	893	893	893	(0)	893	(0)
<b>Total Other Community Care</b>	<b>15,756</b>	<b>11,932</b>	<b>10,712</b>	<b>1,220</b>	<b>14,452</b>	<b>1,304</b>
<b>Support Services</b>						
Business Support	1,726	1,295	1,158	137	1,579	147
Management and Planning	5,538	4,073	5,293	(1,220)	6,402	(863)
<b>Total Support Services</b>	<b>7,264</b>	<b>5,368</b>	<b>6,451</b>	<b>(1,083)</b>	<b>7,981</b>	<b>(716)</b>
<b>Care Home Support</b>	<b>801</b>	<b>801</b>	<b>801</b>	<b>0</b>	<b>1,068</b>	<b>(267)</b>
<b>Total Adult Social Care Services</b>	<b>161,116</b>	<b>121,250</b>	<b>121,354</b>	<b>(103)</b>	<b>161,253</b>	<b>(138)</b>
<b>Less Facilities - ASC</b>	<b>(490)</b>	<b>(368)</b>	<b>(471)</b>	<b>103</b>	<b>(628)</b>	<b>138</b>
<b>Total Adult Social Care Services - excl Facilities</b>	<b>160,626</b>	<b>120,882</b>	<b>120,883</b>	<b>(0)</b>	<b>160,626</b>	<b>-</b>