

Agenda Item	<b>7</b>
Report No	<b>JMC/04/24</b>

## THE HIGHLAND COUNCIL/ NHS HIGHLAND

**Committee:** Joint Monitoring Committee

**Date:** 27 March 2024

**Report Title:** Highland Health & Social Care Partnership Finance Report at Month 9 2023/2024

**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 2023/2024 financial year together with a forward look at the revised estimate for 2024/2025.

### **2 Recommendations**

- 2.1 Members are asked to:
- i. Note the financial position at the end of Month 9 2023/2024
  - ii. Note the ASC estimate for 2024/2025 which has been built into NHS Highland's financial plan submission to Scottish Government.

### **3 Implications**

- 3.1 Resource – there are financial resource implications associated with this paper.
- 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 – Ongoing financial/ funding issues for NHS Highland are recorded in the Board's risk register. Non-delivery of a break-even position for Adult Social Care will deteriorate the NHS Highland forecast outturn for 2023/24.

3.6 Gaelic – no associated implications.

## 4 NHS Highland Financial Plan

4.1 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; work is ongoing, within the Board and nationally to look at options and schemes to close this gap. Scottish Government provided additional funding with the expectation that the Board would deliver a financial deficit of no more than £55.800m. This report summarises the position at Month 9, provides a forecast through to the end of the financial year and highlights the current and ongoing service pressures.

4.2 NHS Highland continues to be in an escalated status with SG in respect of the ongoing financial position.

## 5 NHS Highland Financial Position at end Month 9 2023/2024

5.1 For the period to end December 2023 (Month 9) an overspend of £48.767m was reported. This overspend was forecast to increase to £54.599m by the end of the financial year. The improvement on the residual gap in the plan is due to the additional funding allocations from Scottish Government. The forecast assumes slippage against the CIP of £15.510m.

5.2 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 2023**

Current Plan £m	Summary Funding & Expenditure	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
1,161.243	<b>Total Funding</b>	850.049	850.049	-	1,161.243	-
	<b>Expenditure</b>					
450.834	HHSCP	335.830	347.641	(11.811)	465.509	(14.675)
296.611	Acute Services	221.843	237.981	(16.138)	317.518	(20.907)
151.179	Support Services	99.118	119.705	(20.587)	169.753	(18.574)
<b>898.623</b>	<b>Sub Total</b>	<b>656.791</b>	<b>705.328</b>	<b>(48.537)</b>	<b>952.780</b>	<b>(54.156)</b>
262.620	Argyll & Bute	193.258	193.488	(0.230)	263.063	(0.443)
<b>1,161.243</b>	<b>Total Expenditure</b>	<b>850.049</b>	<b>898.816</b>	<b>(48.767)</b>	<b>1,215.843</b>	<b>(54.599)</b>

## 6 Highland Health & Social Care Partnership

6.1 The HHSCP was reporting a year-to-date overspend of £11.811m with this forecast to increase to £14.675m by financial year end. Table 2 shows the breakdown across service areas and the split between Health & Social Care.

**Table2 – HHSCP Breakdown as at December 2023**

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>					
252.533	NH Communities	189.522	194.839	(5.317)	260.944	(8.411)
51.102	Mental Health Services	38.259	43.585	(5.326)	56.476	(5.374)
151.759	Primary Care	113.028	114.641	(1.613)	153.948	(2.189)
(4.560)	ASC Other includes ASC Income	(4.979)	(5.423)	0.445	(5.858)	1.298
<b>450.834</b>	<b>Total HHSCP</b>	<b>335.830</b>	<b>347.641</b>	<b>(11.811)</b>	<b>465.509</b>	<b>(14.675)</b>
	<b>HHSCP</b>					
276.815	Health	206.903	215.998	(9.095)	287.776	(10.961)
174.019	Social Care	128.927	131.643	(2.715)	177.733	(3.714)
<b>450.834</b>	<b>Total HHSCP</b>	<b>335.830</b>	<b>347.641</b>	<b>(11.811)</b>	<b>465.509</b>	<b>(14.675)</b>

6.2 Slippage of £6.656m against the CIP is built into the year end forecast position.

6.3 The forecast position reflects the following cost pressures:

- £2.100m prescribing costs above planned. This reflects an increase in both the price of drugs and the volume of prescribing
- Ongoing supplementary staffing costs (current spend £18.455m) – most significant pressure within Mental Health & 2C GP practices
- The cost of agency nursing in NHS Highland run care homes – current spend £1.308m

The above pressures are partly offset by vacancies.

6.4 Adult Social Care reported an overspend of £2.715m with this forecast to increase to £3.714m – this position has deteriorated from that reported to JMC at Month 6 – this reflects further deterioration in the savings delivery forecast and ongoing costs associated with Agency nursing provision. This position assumes funding being drawn from the funds held by Highland Council over the 2021-2022 financial year end.

6.5 The overall NHS Highland forecast is predicated on a funding package being agreed to cover the overspend within ASC.

6.6 Supplementary staffing costs at the end of Month 9 totals £18.455m for the HHSCP – £1.308m of this spend being within NHS Highland care homes.

6.7 NHS Highland continues to work with providers to enable ongoing delivery of sustainable services. It is forecast that £1.741m will be incurred through to financial year end providing ongoing support.

- 6.8 No additional funds will be available in 2024/2025 to support the ASC position. Section 8 will set out an updated estimate for next FY
- 6.9 A further breakdown of ASC costs split across service categories is shown in Table 3

**Table 3 – ASC Service Category Summary**

Services Category	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m	YTD Outturn £m	YE Variance £m
Total Older People - Residential/Non Residential Care	58.526	43.708	42.923	0.785	57.308	1.218
Total Older People - Care at Home	34.367	25.761	27.047	(1.286)	36.390	(2.023)
Total People with a Learning Disability	41.535	31.234	32.805	(1.571)	44.492	(2.957)
Total People with a Mental Illness	8.292	6.156	6.154	0.003	8.182	0.109
Total People with a Physical Disability	8.272	6.226	6.647	(0.421)	8.982	(0.710)
Total Other Community Care	18.518	13.682	13.619	0.063	18.416	0.102
Total Support Services	5.033	2.554	3.394	(0.840)	4.853	0.180
Care Home Support/Sustainability Payments	-	-	(0.403)	0.403	(0.133)	0.133
<b>Total Adult Social Care Services</b>	<b>174.542</b>	<b>129.320</b>	<b>132.185</b>	<b>(2.865)</b>	<b>178.491</b>	<b>(3.949)</b>
<b>Total ASC less Estates</b>	<b>174.019</b>	<b>128.927</b>	<b>131.643</b>	<b>(2.715)</b>	<b>177.733</b>	<b>(3.714)</b>

- 6.10 Appendix 1 to this paper provides a further breakdown of the information in Table 3.

## 7 Cost Improvement Programme

- 7.1 NHS Highland established a £29.500m Cost Improvement Programme for 2023/2024.
- 7.2 The HHSCP element of this CIP is £11.011m - £4.113m of which relates to ASC.
- 7.3 At this stage of the financial year it is anticipated that savings of £4.355m will be delivered with slippage of £4.441m in the Health element of the plan and £2.215m of slippage within the ASC element built into the year end forecast.

## 8 Update at Month 10 2023/2024

- 8.1 For the period to end January 2024 (Month 10) an overspend of £50.704m is reported. This overspend is forecast to reduce to £39.055m by the end of the financial year following receipt of additional funding. The current forecast assumes slippage against the CIP of £15.855m.
- 8.2 The HHSCP reported an overspend of £13.210m at the end of Month 10 with this forecast to increase to £14.963m by financial year end.
- 8.3 The Adult Social Care element of the HHSCP reported an overspend of £3.035m at financial year end – this is forecast to increase to £3.446m by financial year end. The

overall NHS Highland position continues to be predicated on agreement being reached on a funding source to mitigate this overspend.

## **9 2024/2025 Financial Year**

- 9.1 At the start of the 2024/2025 financial year the reserve held by Highland Council since the end of the 2021/2022 financial year will have been fully utilised.
- 9.2 NHS Highland has submitted a 3 year financial plan to Scottish Government - this will be scrutinised and feedback provided to the Board. A projected Adult Social Care position for 2024/2025 has been built into this plan, with a corresponding cost reduction/ income target to offset the additional costs.
- 9.3 The ASC position has been updated from that presented to JMC in December reflecting funding in respect of the £12p/h uplift and a cost projection at Month 10.
- 9.4 In preparing the estimate a number of assumptions have been made with regards to cost uplifts and additional service demand.
- 9.5 Uplifts have also been incorporated in respect of transitions and the £12p/h rate for Care at Home staff.
- 9.6 The initial funding gap included in the plan for 2024/2025 is estimated to be £16.252m, which is made up of £16.252m relating to forecast costs increases, pay awards and demand increase. There is a potential that this will increase to £23.252m to reflect the proposed reduction of £7.000m agreed by Highland Council through the budget setting process. The proposed reduction has not been formally agreed.
- 9.7 Discussions continue to take place between NHS Highland and Highland Council to agree a plan to close the identified gap which will follow the stages set out within the Integration Agreement.

## APPENDIX 1

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
<b>Older People - Residential/Non Residential Care</b>						
Older People - Care Homes (In House)	20,102	14,884	13,970	914	18,929	1,173
Older People - Care Homes - (ISC/SDS)	35,447	26,586	26,694	(108)	35,345	103
Older People - Other non-residential Care (in House)	1,509	1,135	1,128	7	1,465	43
Older People - Other non-residential Care (ISC)	1,469	1,102	1,131	(29)	1,569	(100)
<b>Total Older People - Residential/Non Residential Care</b>	<b>58,526</b>	<b>43,708</b>	<b>42,923</b>	<b>785</b>	<b>57,308</b>	<b>1,218</b>
<b>Older People - Care at Home</b>						
Older People - Care at Home (in House)	17,595	13,190	12,194	996	16,338	1,256
Older People - Care at home (ISC/SDS)	16,772	12,571	14,852	(2,282)	20,052	(3,279)
<b>Total Older People - Care at Home</b>	<b>34,367</b>	<b>25,761</b>	<b>27,047</b>	<b>(1,286)</b>	<b>36,390</b>	<b>(2,023)</b>
<b>People with a Learning Disability</b>						
People with a Learning Disability (In House)	4,977	3,775	3,147	628	4,181	796
People with a Learning Disability (ISC/SDS)	36,558	27,458	29,657	(2,199)	40,311	(3,754)
<b>Total People with a Learning Disability</b>	<b>41,535</b>	<b>31,234</b>	<b>32,805</b>	<b>(1,571)</b>	<b>44,492</b>	<b>(2,957)</b>
<b>People with a Mental Illness</b>						
People with a Mental Illness (In House)	509	382	325	57	446	63
People with a Mental Illness (ISC/SDS)	7,783	5,774	5,829	(55)	7,737	46
<b>Total People with a Mental Illness</b>	<b>8,292</b>	<b>6,156</b>	<b>6,154</b>	<b>3</b>	<b>8,182</b>	<b>109</b>
<b>People with a Physical Disability</b>						
People with a Physical Disability (In House)	973	735	555	180	751	223
People with a Physical Disability (ISC/SDS)	7,298	5,491	6,092	(601)	8,231	(933)
<b>Total People with a Physical Disability</b>	<b>8,272</b>	<b>6,226</b>	<b>6,647</b>	<b>(421)</b>	<b>8,982</b>	<b>(710)</b>
<b>Other Community Care</b>						
Community Care Teams	9,671	7,240	6,957	283	9,317	354
People Misusing Drugs and Alcohol	301	226	79	147	114	188
People Misusing Drugs and Alcohol (ISC)	93	70	96	(26)	128	(35)
Housing Support	5,838	4,346	4,647	(302)	6,126	(287)
Telecare	986	661	701	(40)	1,104	(118)
Carers Support	1,628	1,139	1,139	(0)	1,628	0
<b>Total Other Community Care</b>	<b>18,518</b>	<b>13,682</b>	<b>13,619</b>	<b>63</b>	<b>18,416</b>	<b>102</b>
<b>Support Services</b>						
Business Support	2,040	1,536	1,328	207	1,766	274
Management and Planning	2,994	1,019	2,066	(1,047)	3,087	(94)
<b>Total Support Services</b>	<b>5,033</b>	<b>2,554</b>	<b>3,394</b>	<b>(840)</b>	<b>4,853</b>	<b>180</b>
<b>Care Home Support/Sustainability Payments</b>	<b>0</b>	<b>0</b>	<b>(403)</b>	<b>403</b>	<b>(133)</b>	<b>133</b>
<b>Total Adult Social Care Services</b>	<b>174,542</b>	<b>129,320</b>	<b>132,185</b>	<b>(2,865)</b>	<b>178,491</b>	<b>(3,949)</b>
check	0	0	0	0	0	0
ASC services now integrated within health codes	4,193	3,144	3,144	0	4,193	0
<b>Total Integrated Adult Social Care Services</b>	<b>178,735</b>	<b>132,465</b>	<b>135,329</b>	<b>(2,865)</b>	<b>182,683</b>	<b>(3,949)</b>
<b>Total ASC less Estates</b>	<b>174,019</b>	<b>128,927</b>	<b>131,643</b>	<b>(2,715)</b>	<b>177,733</b>	<b>(3,714)</b>