

The Highland Council/NHS Highland

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| Agenda Item | 9a |
| Report No | JMC-10-24 |

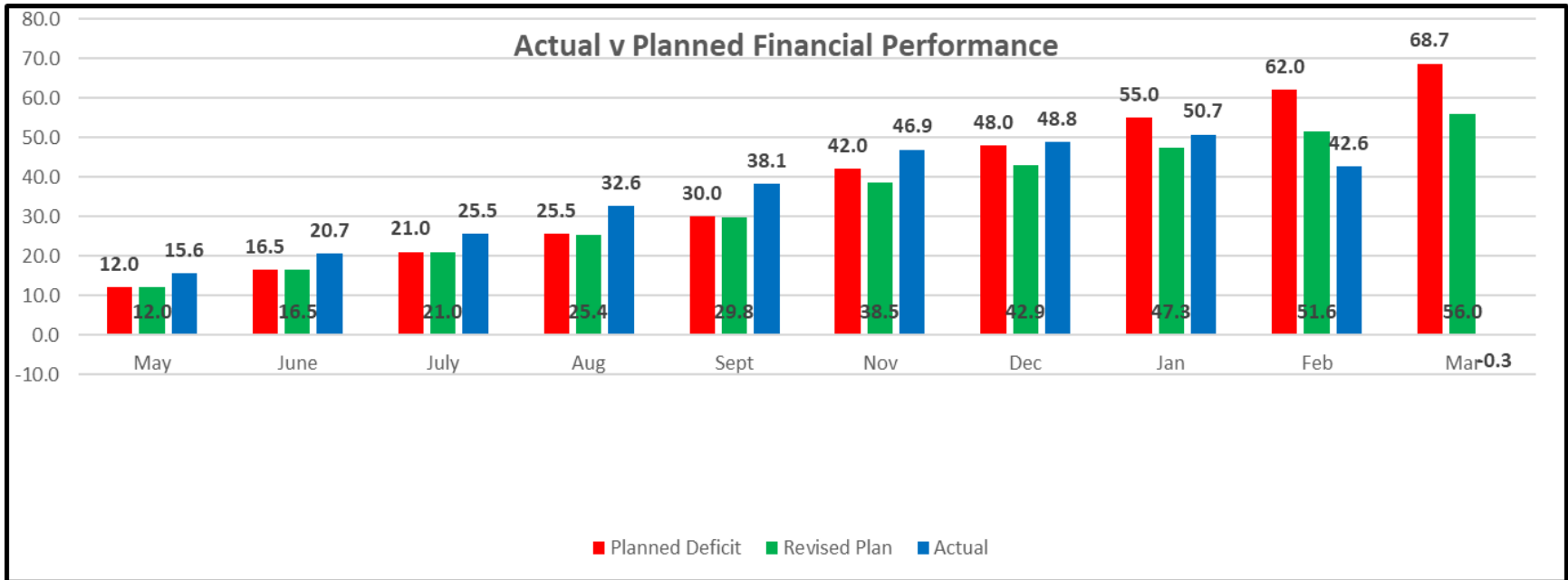
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|----------------------|---|
| Committee: | Joint Monitoring Committee |
| Date: | 19 June 2024 |
| Report Title: | Highland Health and Social Care Partnership Finance Report - 2023/2024 Financial Year End (31 March 2024) (subject to final audit) |
| 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 the 2023/2024 financial year (31 March 2024) following receipt of £29.500m of repayable brokerage from Scottish Government. Audit Scotland are still progressing year end audit work and as such this position may change. |
| 2. | Recommendations |
| 2.1 | Members are asked to: <ul style="list-style-type: none"> i. Note the draft financial position at the end of the 2023/2024 financial year; |
| 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. |
| 3.6 | Health and Safety (risks arising from changes to plant, equipment, process, or people) – no associated risk. |
| 3.7 | 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 continued through the financial year both within the Board and nationally to look at options and schemes to close this gap. Scottish Government provided additional funding at various points throughout the year which, together with a final repayable brokerage allocation of £29.500m, enabled delivered of a surplus of £0.265m at the end of the financial year. |
| 4.2 | The HHSCP reported an overspend of £10.634m at the end of the financial year – a detailed breakdown of the position is presented at Appendix 1. |
| 4.3 | NHS Highland continues to be in an escalated status with SG in respect of the ongoing financial position. |
| | <p>Designation: Chief Officer, Highland Health and Social Care Partnership</p> <p>Date: 5 June 24</p> <p>Author: Heledd Cooper, Director of Finance, NHS Highland</p> <p>Appendices: 1</p> |

JMC 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 |
|---|-------|---------------|
| Financial Plan submission to Scottish Government - initial gap | | 98.172 |
| Cost Reductions/ Cost Improvements achieved in year | | 13.572 |
| Additional Funding | | |
| 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 |
| Year End Outturn - Surplus | | 0.265 |
| | | |

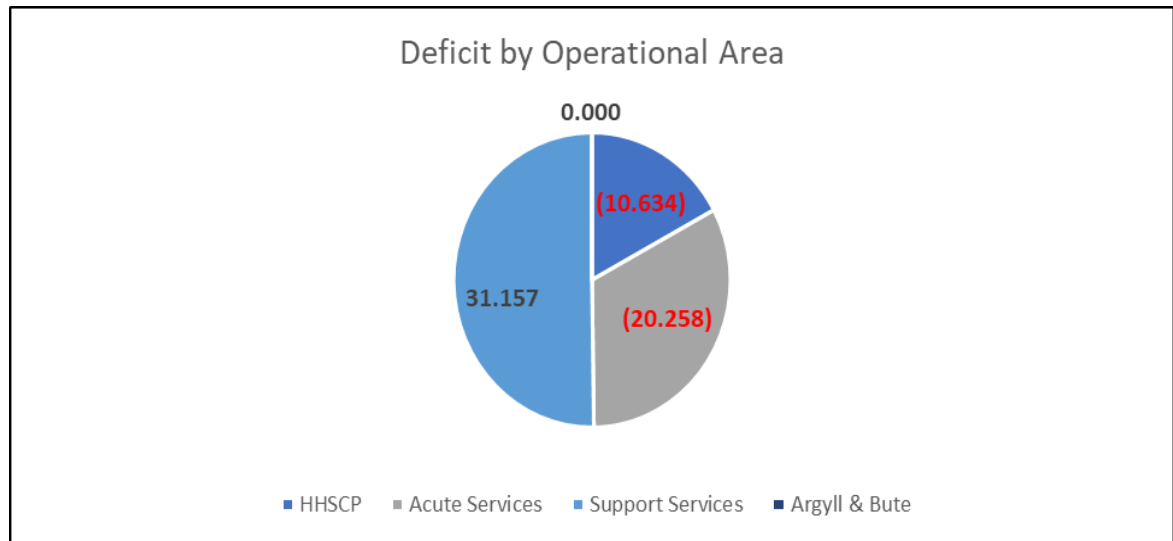
- Financial Plan submitted to SG in March 2023 had an initial gap of £98.172m
- A cost reduction/ improvement target of £29.500m brought this gap down to £68.672 – savings of £13.572m were achieved against this target.
- Additional allocations, a reduction in top-sliced costs, use of financial flexibility 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 | Total Funding | 1,220.267 | 1,220.267 | - |
| | | Expenditure | | | |
| 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 |
| 975.052 | 959.441 | Sub Total | 959.441 | 959.176 | 0.265 |
| 263.375 | 260.826 | Argyll & Bute | 260.826 | 260.826 | - |
| 1,238.426 | 1,220.267 | Total Expenditure | 1,220.267 | 1,220.002 | 0.265 |
| (68.672) | - | Planned Deficit | - | - | - |
| 1,220.267 | | Total Expenditure | | | |

- ## 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



2023/2024 YEAR END



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

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 |
|--------------------|-------------------------------|-----------------------|-------------------------|---------------------------|
| | HHSCP | | | |
| 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 |
| 460.205 | Total HHSCP | 460.205 | 470.839 | (10.634) |
| | HHSCP | | | |
| 281.717 | Health | 281.717 | 292.540 | (10.823) |
| 178.488 | Social Care | 178.488 | 178.299 | 0.188 |
| 460.205 | Total HHSCP | 460.205 | 470.839 | (10.634) |

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

HHSCP

- Overspend of £10.634m reported
- Slippage of £7.175m 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 |
|--|-------------------------|---------------------|-----------------------|
| Total Older People - Residential/Non Residential Care | 58,359 | 57,375 | 984 |
| Total Older People - Care at Home | 34,674 | 36,843 | (2,168) |
| 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 | - |

| 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 |
| Total | 1,770 |

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

HHSCP 2023/2024 YEAR END



| Detail | Plan to Date £000 | Actual to Date £000 | Variance to Date £000 |
|-----------------------------|-------------------------|---------------------------|-----------------------------|
| Inverness & Nairn | 74.254 | 77.257 | (3.002) |
| Ross-shire & B&S | 53.720 | 55.623 | (1.902) |
| Caithness & Sutherland | 46.946 | 48.508 | (1.562) |
| Lochaber, SL & WR | 55.097 | 56.284 | (1.186) |
| Management | 11.054 | 12.384 | (1.331) |
| Community Other AHP | 7.172 | 6.626 | 0.546 |
| Hosted Services | 5.870 | 6.306 | (0.435) |
| Total NH Communities | 254.114 | 262.988 | (8.874) |

NORTH HIGHLAND COMMUNITIES

- North Highland Communities are reporting a year end overspend of £8.874m
- This is split £2.116m within Health and £6.758m within ASC (the additional funding for ASC is sitting within ASC central)
- The main drivers for the overspend within Health are elements of unfunded services within Enhanced Community Services and Chronic Pain (both a rollover from the covid period)
- Additional support packages, an increase in high cost packages and supplementary staffing within in-house care homes has driven the ASC position

HHSCP 2023/2024 YEAR END



| Summary Funding & Expenditure | Plan to Date £m's | Actual to Date £m's | Variance to Date £m's |
|-------------------------------------|----------------------|------------------------|--------------------------|
| Mental Health Services | | | |
| Adult Mental Health | 23.932 | 28.004 | (4.072) |
| CMHT | 14.255 | 13.886 | 0.369 |
| LD | 7.154 | 9.154 | (1.999) |
| D&A | 6.522 | 7.119 | (0.597) |
| Total Mental Health Services | 51.864 | 58.163 | (6.299) |

MENTAL HEALTH SERVICES

- Mental Health Services are reporting a year end overspend of £6.299m
- This is split £6.786m overspend within Health and a £0.487m underspend within ASC (the additional funding for ASC is sitting within ASC central)
- The main drivers for the overspend within Health are medical locums and agency nurses
- Out of area placements at a cost of £1.303m have contributed to the overspend within LD
- Ongoing staffing vacancies has been the main driver for the underspend within ASC

HHSCP 2023/2024 YEAR END



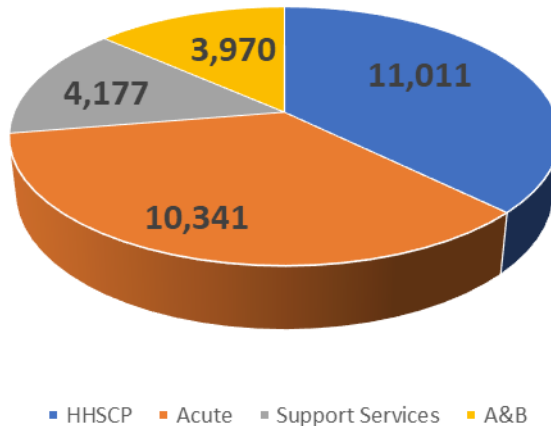
| Detail | Plan to Date £m's | Actual to Date £m's | Variance to Date £m's |
|---------------------------|----------------------|------------------------|--------------------------|
| Primary Care | | | |
| GMS | 57.849 | 58.553 | (0.704) |
| GPS | 64.732 | 67.900 | (3.168) |
| GDS | 22.703 | 21.429 | 1.274 |
| GOS | 5.438 | 5.441 | (0.004) |
| PC Management | 4.278 | 3.602 | 0.675 |
| Total Primary Care | 155.000 | 156.926 | (1.926) |

PRIMARY CARE

- Primary Care are reporting an overspend of £1.926m at financial year end
- Within General Medical Services the continued use of locums within the Board run 2c practices ahs driven the overspend
- An increase in both the volume and cost of prescribing has resulted in an overspend of £3.168m being reported
- Ongoing vacancies within General Dental Services has resulted in an underspend of £1.274m
- Vacancies within the Primary Care management team and slippage against allocations have driven the underspend within PC Management

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) |
| Total Forecast Savings | 29,500 | 13,572 | (15,928) |

2023/2024 YEAR END



| Assurance of Progress 2023-24 Year End Position | | | | | | | |
|---|---------------|-------------------|----------------------|-----------------|--------------|---------------|----------------------|
| HORIZON 1 | Target | Savings Delivered | % of Target Achieved | Savings Planned | Total | Year End Gap | % of Target Achieved |
| HHSCP | | | | | | | |
| Mental Health | 930 | 350 | 38% | 0 | 350 | -580 | 38% |
| N. Highland Community Services & Primary Care | 5,617 | 2,091 | 37% | 0 | 2,091 | -3,526 | 37% |
| HHSCP-Health Unallocated | 352 | 0 | 0% | 0 | 0 | -352 | 0% |
| Adult social care | 4,113 | 1,395 | 34% | 0 | 1,395 | -2,718 | 34% |
| Unit-wide | | | | | | | |
| HHSCP Sub-Total | 11,012 | 3,836 | 35% | 0 | 3,836 | -7,176 | 35% |

- Cost reduction/ cost improvement target of £11.012m
- Savings delivered £3.836m
- Slippage £7.176m

2023/2024 YEAR END



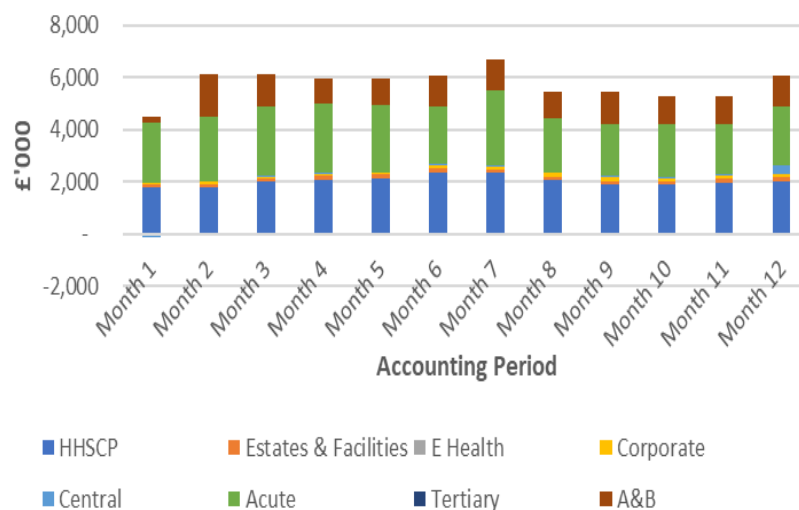
| | 2023/2024 YTD £'000 | 2022/2023 YTD £'000 | Inc/ (Dec) YTD £'000 |
|----------------------|---------------------------|---------------------------|----------------------------|
| HHSCP | 24,378 | 19,563 | 4,815 |
| Estates & Facilities | 1,680 | 1,568 | 112 |
| E Health | 14 | 17.45 | (4) |
| Corporate | 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 |
| TOTAL | 68,939 | 61,172 | 7,769 |

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 |
|--------------------|-----------------------------|--------------------|----------------------|------------------------|
| | Pay | | | |
| 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 | Total Pay | 599.220 | 604.463 | (5.243) |

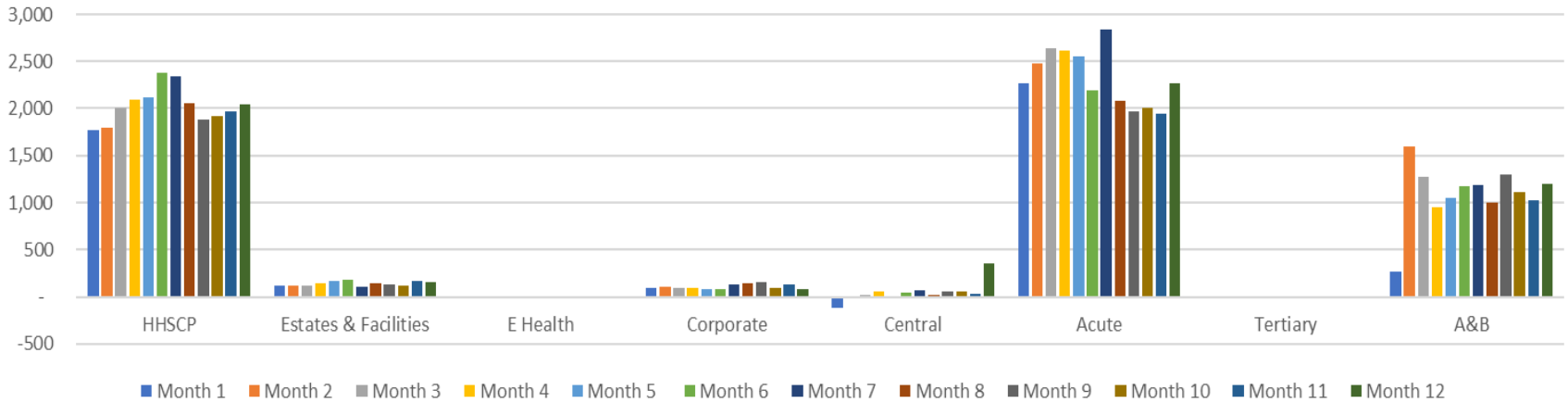
Supplementary Staffing Apr 23 - Mar 24



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 |
|------------------------------|----------------------|------------------------|--------------------------|
| Drugs and prescribing | | | |
| Hospital drugs | 51.525 | 52.796 | (1.271) |
| Prescribing | 74.709 | 79.352 | (4.644) |
| Total | 126.234 | 132.148 | (5.914) |

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