

The Highland Council/ NHS Highland

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| Agenda Item | 8a |
| Report No | JMC/15/24 |

Committee: Joint Monitoring Committee

Date: 25 September 2024

Report Title: Highland Health and Social Care Partnership Finance Report – Month 3 2024/2025

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 Month 3 2024/2025 (June). (Appendix 1)

2 Recommendations

- 2.1 Members are asked to:
- i. Note the financial position at Month 3 2024/2025 (June).

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 Risk – Ongoing financial/ funding issues for NHS Highland are recorded in the Board’s risk register.
- 3.4 Health and Safety (risks arising from changes to plant, equipment, process, or people) – not applicable
- 3.5 Gaelic – no associated implications.

4 Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights,

Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is a monitoring and/or update report and therefore an impact assessment is not required.

5 NHS Highland Financial Plan

- 5.1 NHS Highland submitted a financial plan to Scottish Government for the 2024/2025 financial year in March 2024. 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”.
- 5.2 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.
- 5.3 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.
- 5.4 Additionally, Argyll & Bute IJB has confirmed its ability to deliver financial balance through the use of reserves.
- 5.5 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.

6 Month 3 Position

- 6.1 For the period to end June 2024 (Month 3) NHS Highland is reporting 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 action will be taken to deliver a breakeven ASC position. This forecast is £21.296m worse than the brokerage limit set by Scottish Government.
- 6.2 The HHSCP is reporting an overspend of £6.973m at the end of Month 3 and this is forecast to increase to £7.293m by the end of the financial year. The year end position is assuming a breakeven position within Adult Social Care as per paragraph 5.1 above.

Designation: Deputy Director of Finance, NHS Highland

Date: 11 September 2024

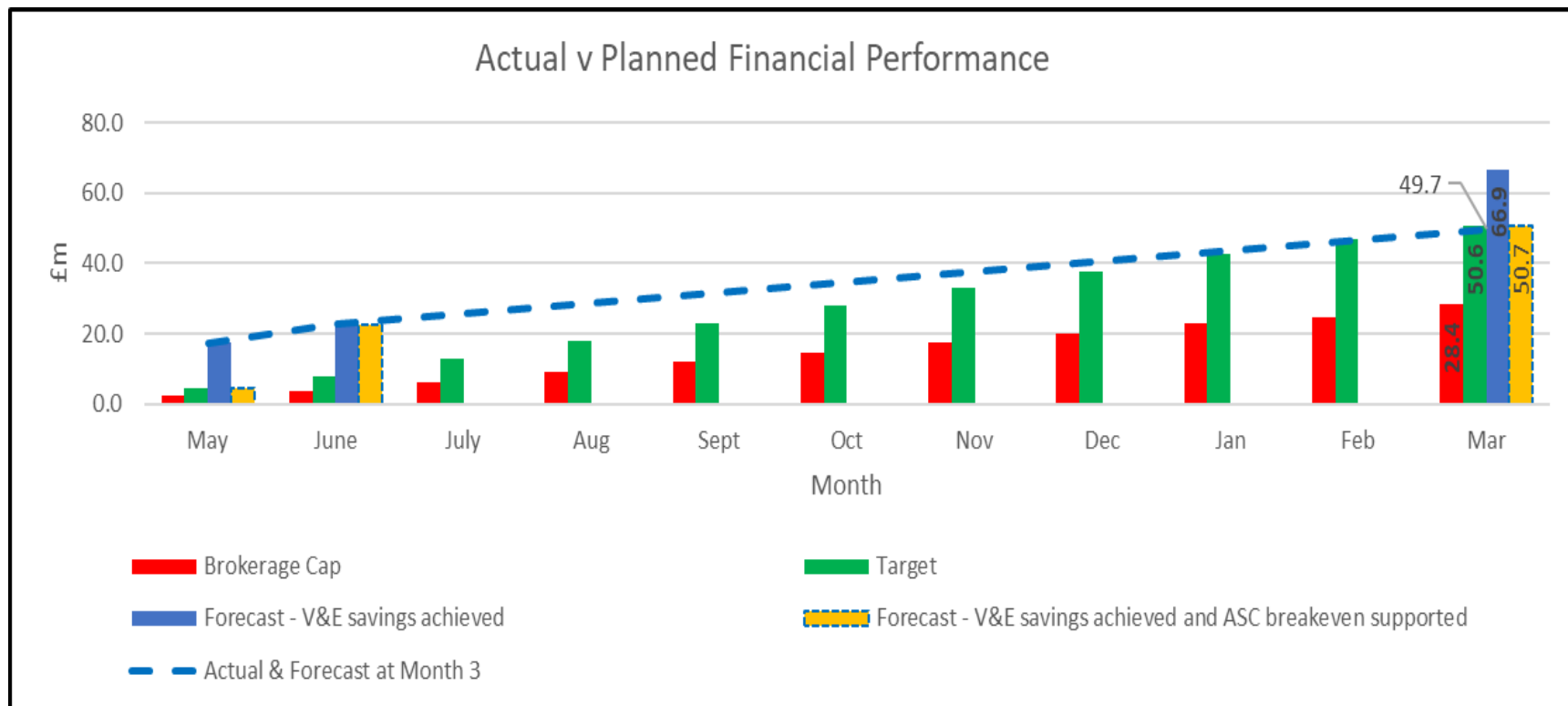
Author: Elaine Ward

Background Papers: None

Appendix 1: Highland Health and Social Care Partnership
financial position at the end of the Month 3
2024/2025 (June)

JMC Finance Report – 2024/2025 Month 3 (June 2024)

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 |

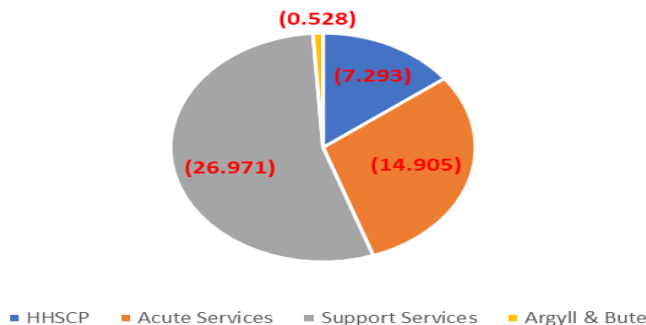
- Forecast year end deficit £49.7m – assuming support to deliver breakeven ASC position
- £21.3m adrift from brokerage limit
- £0.900m better than target agreed with Board May 2024

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 | Total Funding | 288.792 | 288.792 | - | 1,187.400 | - |
| | Expenditure | | | | | |
| 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) |
| 927.171 | Sub Total | 224.954 | 247.316 | (22.363) | 976.339 | (49.168) |
| 260.229 | Argyll & Bute | 63.838 | 64.134 | (0.296) | 260.757 | (0.528) |
| 1,187.400 | Total Expenditure | 288.792 | 311.451 | (22.659) | 1,237.096 | (49.696) |

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 |
|--------------------|--|--------------------|----------------------|------------------------|------------------------|-------------------------|
| | HHSCP | | | | | |
| 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 |
| 461.273 | Total HHSCP | 112.158 | 119.131 | (6.973) | 485.489 | (24.216) |
| | HHSCP | | | | | |
| 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) |
| 461.273 | Total HHSCP | 112.158 | 119.131 | (6.973) | 485.489 | (24.216) |
| | Support to Bring ASC Position to Breakeven | | | | (16.923) | 16.923 |
| 461.273 | Revised Total HHSCP | 112.158 | 119.131 | (6.973) | 468.566 | (7.293) |

| 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 |
| Total | 1,623 | 5,386 |

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

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) |
| Total Adult Social Care Services | 174.332 | 41.615 | 46.191 | (4.575) | 191.134 | (16.802) |

| 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 |
| Total | 108 | 145 | 878 |

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) |
| 256.283 | Total NH Communities | 63.666 | 65.645 | (1.979) | 274.245 | (17.962) |
| 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 |
|----------------------|-------------------------------------|----------------------|------------------------|--------------------------|--------------------------|----------------------------|
| | Mental Health Services | | | | | |
| 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) |
| 53.770 | Total Mental Health Services | 13.163 | 14.280 | (1.116) | 58.026 | (4.256) |

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 |
|----------------------|---------------------------|----------------------|------------------------|--------------------------|-----------------------------|-------------------------------|
| | Primary Care | | | | | |
| 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 |
| 156.950 | Total Primary Care | 38.655 | 39.464 | (0.809) | 159.798 | (2.847) |

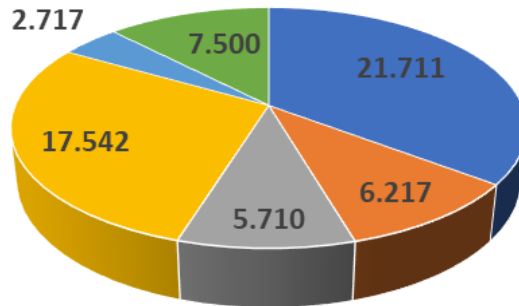
PRIMARY CARE

- £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 |
| 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 | |

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 |
| Total Value & Efficiency | 27,928 | 9,178 | -18,750 | 5,624 | 1,663 | 7,287 | -1,891 |
| Value & Efficiency - ASC | 23,252 | 5,700 | -17,552 | 30 | 5,670 | 5,700 | 0 |
| Total Value & Efficiency incl ASC | 51,180 | 14,878 | -36,302 | 5,654 | 7,333 | 12,987 | -1,891 |

MONTH 3 2024/2025 – JUNE 2024

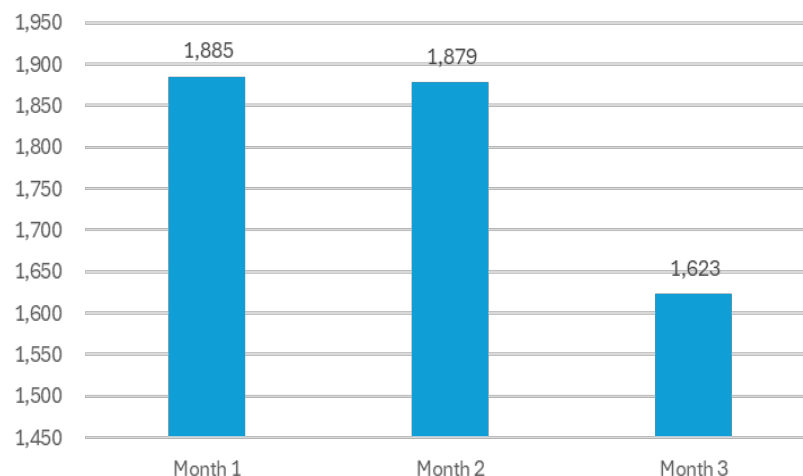
| 2024/2025 YTD £'000 | 2023/2024 YTD £'000 | Inc/(Dec) £000's |
|---------------------------|---------------------------|---------------------|
| 5,386 | 5,905 | (519) |
| 5,386 | 5,905 | (519) |

| 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) |
| (3.035) | Vacancy factor/pay savings | (0.777) | 0.000 | (0.777) |
| 191.429 | Total Pay | 48.007 | 49.087 | (1.080) |

SUPPLEMENTARY STAFFING

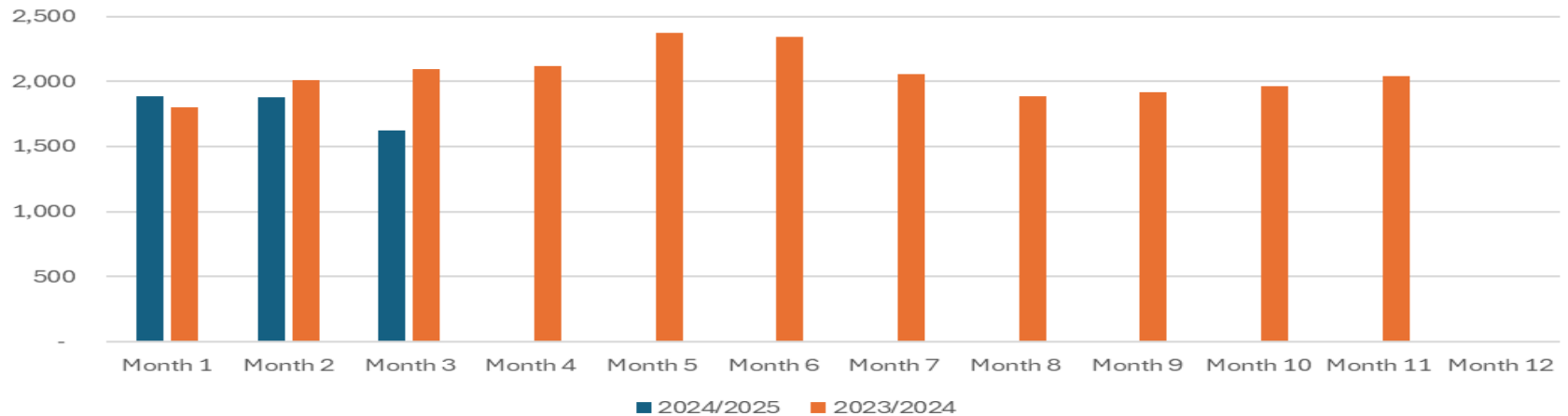
- Total spend on Supplementary Staffing at end of Month 3 is £0.519 lower than at the same point in 2023/2024.
- There is an overspend of £1.080m on pay related costs at the end of Month 3

Supplementary Staffing Total Spend – 2024/2025



MONTH 3 2024/2025 – JUNE 2024

Supplementary Spend - HHSCP
Monthly Run Rate



- Month 3 spend is £0.256m less than month 2
- YTD Reduction of £0.519m compared to 2023/2024

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) |
| 452.390 | Total | 112.158 | 119.131 | (6.973) |

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