

Agenda Item	6.a
Report No	JMC/17/22

THE HIGHLAND COUNCIL

Committee: Joint Monitoring Committee

Date: 5 October 2022

Report Title: Highland Health & Social Care Partnership Finance Report at Month 5 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 5 (August) of the 2022/2023 financial year. There is also an update provide with regards to Covid reserves and submission of a Financial Recovery Plan

2 Recommendations

- 2.1 Members are asked to:
- i. Note the financial position at the end of Month 5 2022/2023
 - ii. Note ongoing work on Covid reserves and a Financial Recovery Plan.

3 Implications

- 3.1 Resource – there are financial resource implications associated with this paper for the financial years 2022/2023.
- 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. No funding source was identified to close the residual gap of £16.272m. Work continues, both within Board and nationally, to look at options and schemes to close identified gaps.
- 4.2 Detailed Financial Performance Returns are being submitted to Scottish Government monthly. Following submission and review of the month 3 return NHS Highland, along with other Boards who were forecasting a deteriorating position from that presented within their financial plan submission, were invited to submit a recovery plan which would enable achievement of, at least, the position presented within financial plan submissions.

5 NHS Highland Financial Position at end Month 5 2022/2023

- 5.1 For the five months to the end of August 2022 NHS Highland has overspent against the year-to-date budget by £17.683m and is forecasting an overspend of £33.600m at financial year end. This position does not reflect work undertaken developing the recovery plan mentioned in paragraph 4.2.
- 5.2 The YTD position includes slippage against the CIP of £8.542m with slippage of £12.225m forecast through to financial year end.
- 5.3 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 August 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
1,095.483	Total Funding	420.387	420.387	-	1,095.483	-
	Expenditure					
401.303	HHSCP	166.978	171.802	(4.824)	411.750	(10.446)
236.094	Acute Services	101.502	112.978	(11.476)	256.247	(20.152)
224.737	Support Services	57.252	58.392	(1.140)	227.238	(2.501)
862.134	Sub Total	325.732	343.172	(17.440)	895.234	(33.100)
233.349	Argyll & Bute	94.655	94.898	(0.243)	233.849	(0.500)
1,095.483	Total Expenditure	420.387	438.070	(17.683)	1,129.083	(33.600)

- 5.4 A breakdown of the forecast by 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
1,095.483	Total Funding	420.387	420.387	-	1,095.483	-		
	Expenditure							
401.303	HHSCP	166.978	171.802	(4.824)	411.750	(10.446)	(5.556)	(4.890)
236.094	Acute Services	101.502	112.978	(11.476)	256.247	(20.152)	(16.194)	(3.958)
224.737	Support Services	57.252	58.392	(1.140)	227.238	(2.501)	(0.593)	(1.909)
862.134	Sub Total	325.732	343.172	(17.440)	895.234	(33.100)	(22.343)	(10.757)
233.349	Argyll & Bute	94.655	94.898	(0.243)	233.849	(0.500)	0.967	(1.467)
1,095.483	Total Expenditure	420.387	438.070	(17.683)	1,129.083	(33.600)	(21.376)	(12.224)
0.000	Surplus/(Deficit) Mth 5			(17.683)		(33.600)	(21.376)	(12.224)

6 Highland Health & Social Care Partnership

6.1 The HHSCP is reporting a YTD overspend of £4.824m with this forecast to increase to £10.446m by financial year end. Table 3 shows the position across Health and Social Care.

Table 3 – HHSCP Breakdown as at August 2022

Current Plan £m	Detail	Plan to Date £m	Actual to Date £m	Variance to Date £m	Forecast Outturn £m	Forecast Variance £m
243.762	HHSCP Health	100.722	104.790	(4.067)	251.435	(7.673)
157.541	Social Care	66.256	67.012	(0.757)	160.315	(2.774)
401.303	Total HHSCP	166.978	171.802	(4.824)	411.750	(10.446)

6.2 Within Health the forecast position reflects:

- £4.890m of unachieved savings
- £1.033m 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.
- £0.518m 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 an overspend of £0.757m which is forecast to increase to £2.774m by financial year end. This reflects additional placements and complex packages coming into place since budgets were agreed.

6.4 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 has established a £26.000m Cost Improvement Programme for 2022/2023.
- 7.2 The HHSCP element of this CIP is £9.360m - £3.000m of which relates to ASC.
- 7.3 43 schemes are in development within the HHSCP – 8 specifically relating to ASC.
- 7.4 £0.800m of savings have been achieved at the end of month 5. This is forecast to rise to £4.470m by financial year end. Slippage of £4.890m is included within the forecast outturn per paragraph 6.1.
- 7.5 Following scrutiny of the NHS Highland quarter 1 financial position Richard McCallum has written to the Board to confirm the expectation of NHS Highland in 2022-23 and beyond. NHS Highland is required to provide Scottish Government with a financial recovery plan to deliver the original planned outturn. Discussions will progress with Highland Council on how joint measures to improve the Health & Social Care Partnership position can be progressed.

8 Covid Reserves

- 8.1 NHS Highland received a funding allocation of £48.551m in quarter 4 of the 2021/2022 financial year. This funding was in respect of funding to enable Boards to break even in that year but also advance funding in respect of estimated Covid costs estimated for 2022/2023.
- 8.2 SG indicated that the balance of funding available at the end of 2021/2022 should be carried forward in ear-marked reserves to fund Covid related expenditure in 2022/2023. Since the Highland Health and Social Care Partnership is unable to create reserves SG and Highland Council facilitated a mechanism to allow surplus funds to be managed over the 2021/222 year end to ensure funds were available in this financial year.
- 8.3 The arrangement with Highland Council saw £16.352 being managed by them over year end. £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.
- 8.4 A recent letter from Richard McCallum, Director of Health Finance and Governance provided clarity on the treatment of those reserves being held in relation to Covid.
- 8.5 The letter indicates that as Boards have seen Covid expenditure significantly reduce during 2022/2023 “Scottish Government will reclaim surplus Covid reserves to be redistributed across the sector to meet current Covid priorities. The detail of this will follow at an IJB level and the process and timetable will follow through further communications”. Further detail on this process is awaited but the expectation is that this adjustment will be made following submission of month 6 (quarter 2) returns and the end of October.

8.6 As part of the recovery plan indicated in 7.5, NHS Highland has highlighted the need for all current reserves to support the forecast financial position. NHS Highland and Highland Council will work together to secure this funding for the Highland population.

NHS Highland					APPENDIX 1	
Adult Social Care Financial YTD Statement at Month 5 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
Older People - Residential/Non Residential Care						
Older People - Care Homes (In House)	14,884	6,150	5,580	570	14,422	271
Older People - Care Homes - (ISC/SDS)	32,516	13,722	14,022	(300)	31,007	(1,233)
Older People - Other non-residential Care (in House)	1,150	483	472	11	1,363	171
Older People - Other non-residential Care (ISC)	1,590	663	635	29	2,300	215
Total Older People - Residential/Non Residential Care	50,141	21,018	20,709	310	49,092	(576)
Older People - Care at Home						
Older People - Care at Home (in House)	14,974	6,234	6,066	168	13,698	74
Older People - Care at home (ISC/SDS)	16,885	7,037	7,932	(895)	22,772	(1,108)
Total Older People - Care at Home	31,859	13,271	13,998	(727)	36,470	(1,034)
People with a Learning Disability						
People with a Learning Disability (In House)	4,611	1,916	1,463	453	1,742	467
People with a Learning Disability (ISC/SDS)	34,515	14,444	14,404	41	32,496	(640)
Total People with a Learning Disability	39,126	16,360	15,867	493	34,238	(173)
People with a Mental Illness						
People with a Mental Illness (In House)	543	226	132	94	442	100
People with a Mental Illness (ISC/SDS)	7,914	3,298	3,207	92	7,654	247
Total People with a Mental Illness	8,457	3,524	3,339	186	8,096	348
People with a Physical Disability						
People with a Physical Disability (In House)	913	382	269	113	856	204
People with a Physical Disability (ISC/SDS)	6,951	2,923	2,829	95	9,465	(323)
Total People with a Physical Disability	7,864	3,305	3,098	207	10,321	(119)
Other Community Care						
Community Care Teams	7,546	3,111	2,731	380	7,012	256
People Misusing Drugs and Alcohol (ISC)	16	7	4	2	10	6
Housing Support	6,091	2,538	2,445	93	5,756	26
Telecare	889	406	337	70	911	(109)
Carers Support	512	512	512	0	265	1
Total Other Community Care	15,053	6,574	6,029	545	13,955	179
Support Services						
Business Support	1,730	718	635	83	1,549	154
Management and Planning	3,311	1,484	3,338	(1,854)	3,206	(1,553)
Total Support Services	5,041	2,202	3,973	(1,770)	4,755	(1,399)
Total Adult Social Care Services	157,541	66,256	67,012	(757)	156,927	(2,774)
ASC services now integrated within health codes	4,094	1,706	1,706	-	4,094	-
Total Integrated Adult Social Care Services	161,635	67,961	68,718	(757)	161,020	(2,774)

Three Care categories account for 75% of total spend on ASC