

NHS Ayrshire & Arran

Meeting:	Ayrshire and Arran NHS Board
Meeting date:	Monday 3 October 2022
Title:	Financial Management Report for the five months to 31 August 2022
Responsible Director:	Derek Lindsay, Director of Finance
Report Author:	Fiona McGinnis, Assistant Director of Finance – Governance and Shared Services Rob Whiteford - Assistant Director of Finance – Operational Services

1. Purpose

This is presented for:

- Discussion

This paper relates to:

- Annual Operational Plan

This aligns to the following NHS Scotland quality ambition(s):

- Effective

2. Report summary

2.1 Situation

The Revenue Plan for the 2022/2023 financial year is a deficit of £26.4 million.

2.2 Background

The budget for 2022/2023 was approved at the Board meeting on 28 March 2022.

2.3 Assessment

Planning assumptions included all spend on COVID-19 being funded during 2022/2023. However this relies on the use of Integration Joint Board (IJB) funds brought forward for COVID-19 costs and discussions are ongoing.

2.3.1 Quality/patient care

Financial resources contribute directly to quality of patient care.

2.3.2 Workforce

Section five of the attached report comments on workforce numbers and agency spend.

2.3.3 Financial

The cash releasing efficiency savings plan (CRES) is shown in Appendix 4. This totals £8.2 million.

2.3.4 Risk assessment/management

Section six in the paper attached sets out risk assessment and mitigations.

2.3.5 Equality and diversity, including health inequalities

An impact assessment has not been completed because this report is a monitoring report therefore does not require an equality and diversity impact assessment.

2.3.6 Other impacts

This report reflects the best value principles of governance and accountability in respect of use of resources.

2.3.7 Communication, involvement, engagement and consultation

The Board has carried out its duties to involve and engage external stakeholders where appropriate.

2.4 Recommendation

Members are asked to discuss the attached report.

3. List of appendices

The following appendices are included with this report:

Appendix No 1, Income and expenditure summary for health services

Appendix No 2, Covid expenditure

Appendix No 3, Confirmed and Anticipated allocations

Appendix No 4, Cash releasing efficiency savings

1. Background

1.1 This report shows the revenue position for the five months ended 31 August 2022.

2. Revenue resource limit and overall financial position

2.1 The total allocations for the year are expected to be £1.0 billion, as shown on Appendix 3. £820 million has been received so far. Of the remaining £180 million Family Health Services accounts for £55 million, Primary Care Medical Services £63 million, Primary Care Improvement Fund £6.8 million, Access funding £13.5 million and COVID-19 funding £18.5 million, which includes £2.0 million for Test and Protect.

2.2 The Board has set a deficit budget of £26.4 million for 2022/2023.

2.3 The Board is £13.1 million overspent after five months. This includes £10.4 million of year to date budget phased in from the £18.5 million COVID-19 funds anticipated. Please refer to sections 6.3 and 6.4 for further information.

2.4 COVID-19 spend in the Health Board of £10.4 million has been matched with budget, with detail of actual spend in the first five months of the year shown on Appendix 2.

2.5 £1.2 million of COVID-19 expenditure has been incurred on staff charged to COVID-19 Test and Protect in Public Health. Whilst some staff are legitimately charged here many should have been charged to the department they are now working in. We are working with Human Resources and Public Health to address this. During the first four months most staff were redeployed and only £0.1 million was charged in Month 5. This is for staff with Fixed Term Contracts to the 30th September. Other COVID-19 charges include £0.7 million for additional staffing costs to backfill staff absent due to Long COVID. COVID-19 special leave arrangements ceased on the 31 August 2022 and revert to contractual entitlement.

2.6 The Board are in discussion with Integrated Joint Board (IJB) colleagues regarding the use of £36 million of COVID-19 funding issued in 2021/2022, and carried forward in their reserves for COVID-19 related costs in 2022/2023. Scottish Government are making arrangements to reclaim surplus reserves in order to redistribute them to meet current COVID-19 priorities.

2.7 Appendix 3 shows the allocation total received at Month 5 along with the further allocations we anticipate during 2022/2023.

3. Acute Services

3.1.1 The annual budget for Acute Services is £375.2 million. The directorate is overspent by £5.4 million in the year to date.

Table 1a	Annual Budget	YTD Budget	YTD Actual	YTD Var	Month Budget	Month Actual	Month Var
All Acute	£000	£000	£000	£000	£000	£000	£000
Pay	274,770	116,932	119,514	(2,582)	22,556	23,960	(1,405)
Supplies	58,320	22,025	24,554	(2,529)	4,785	5,712	(927)
Purchase of Healthcare	73,504	31,852	30,920	932	6,248	6,191	57
Provision of Healthcare	(26,960)	(11,670)	(11,758)	88	(2,379)	(2,534)	155
Operating Income	(1,092)	(767)	(822)	54	(46)	(79)	33
Unallocated Savings	(3,329)	(1,387)	0	(1,387)	(211)	0	(211)
Total	375,213	156,985	162,409	(5,424)	30,953	33,250	(2,298)

3.1.2 The position deteriorated by £2.3 million in Month 5. £0.9 million was due to costs originally funded from COVID-19 being recoded to acute cost centres. These were Ayr Emergency Department £0.25 million, Crosshouse Emergency Department £0.25 million, Crosshouse Ward 4F High Dependency Unit £0.2 million and Crosshouse Combined Assessment Unit £0.2 million.

3.13 Pay overspent by £1.4 million, with Nursing pay over by £1.0 million and Medical pay over by £0.4 million. Non Pay overspent by £0.9 million. £0.25 million was for the use of Private Ambulances and £0.2 million on Surgical Supplies. Ward drugs overspent by £0.2 million and are now £1.0 million overspent year to date.

3.14 Station 2 at Ayr was previously the Vascular ward. These services have now transferred to NHS Lanarkshire as planned. The ward is in use to treat patients resulting from operational pressure but is now unfunded. It incurred a cost of £0.12 million in Month 5.

3.1.3 Unallocated Acute CRES is £3.3 million, down £0.2 million on Month 4. It will contribute an unfavourable variance of £0.275 million per month until robust plans are found to address the savings requirement. The first nine rows on Appendix 4 show the £1.6 million of planned CRES within acute with only £51,000 being delivered in the first five months. The biggest scheme is about consolidating renal high dependency into the main renal ward, however this requires a ward upgrade programme. Currently there are no decant wards available in Crosshouse hospital.

3.2 New Medicines Fund

3.2.1 The budget has been adjusted to be equivalent to funding received from Scottish Government. The locally funded £10.5 million has been removed and contributes to the 2022/2023 cost pressures which could not be funded from the allocation uplift or Cash Releasing Efficiency Savings. The New Medicines Fund (NMF) is £4.7 million overspent after 5 months.

3.3 Other Clinical Services

3.3.1 Other Clinical Services includes budgets for Pharmacy teams and out of area activity such as brain injuries and transcatheter aortic valve implantation (TAVI) replacements. The annual budget is £11.9 million. It is underspent by £0.6 million after five months.

3.4 Health and Social Care Partnerships (HSCPs)

3.4.1 The total health budgets for the three HSCPs are now £461.4 million.

3.4.2 Appendix 1 shows no net under or overspend outturn against the three HSCPs as these belong to Integration Joint Boards rather than the Health Board.

3.5 Infrastructure Support Services

3.5.1 Infrastructure and Support Services budgets have been separated between those which are operational service provision and those which are corporate in nature.

3.5.2 Operational Infrastructure and Support Services includes estates, hotel services and digital services. They have an annual budget of £55.4 million. They are at breakeven after 5 months.

3.5.3 Corporate Infrastructure and Support Services includes depreciation, energy, rates, and Private Finance Initiative/Non Profit Distributing costs. Infrastructure and Support Services COVID-19 costs are also included here. They have a budget of £42.4 million and are also close to breakeven.

3.6 Corporate Services

3.6.1 Corporate Services have budgets of £35.1 million and comprise Public Health, the Nursing Directorate, the Medical Directorate, Human Resources and Organisational Development, Finance, Transformation and Sustainability and the Chief Executive's office. These areas all have underspends, which in aggregate total £0.75 million.

3.7 Corporate Resource and Reserves

3.7.1 Reserves (budgets not issued to directorates) are £4.1 million over committed for the year to date. This is mostly a result of the underlying deficit, which has increased following the 2022/2023 budget setting process.

4. Efficiency and Transformation Programme

4.1 The Cash Releasing Efficiency Savings (CRES) programme for 2022/2023 totals £8.2 million. £2.7 million has been achieved against the £3.4 million year to date target. The underachievement is due to schemes within acute from 2021/2022 which were planned to deliver in 2022/2023 but which have not done so to date.

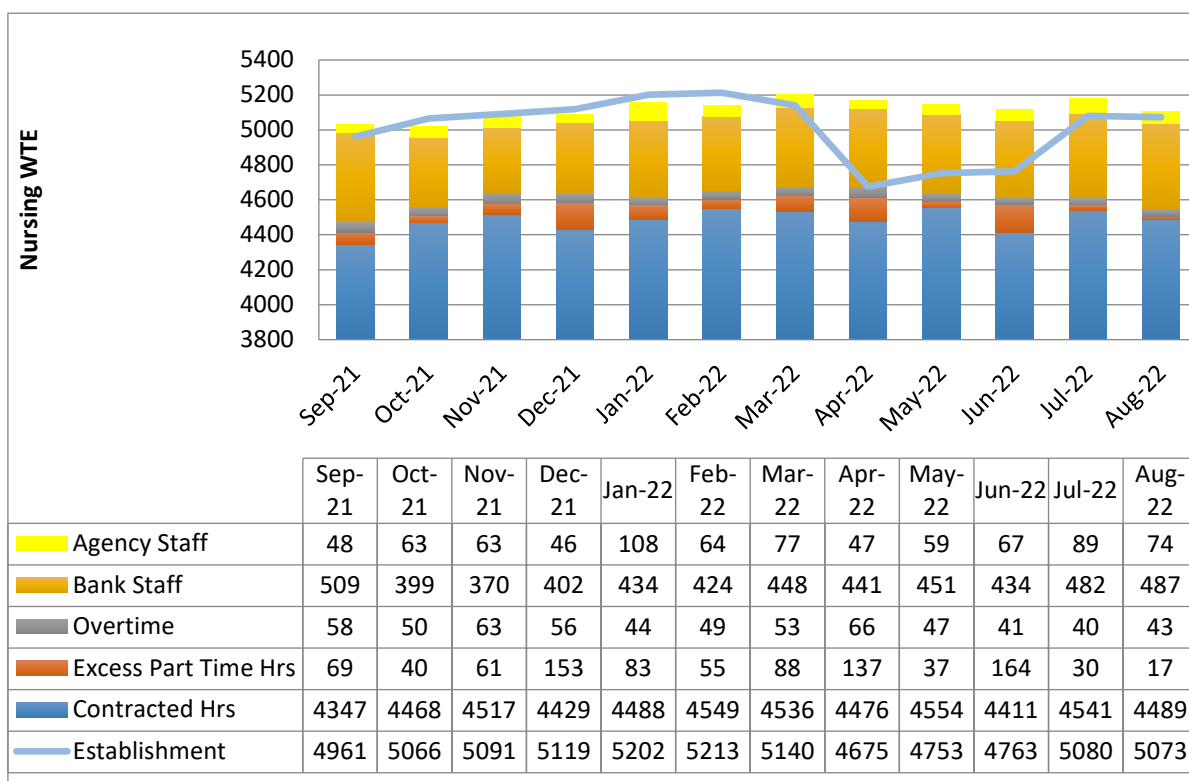
5. Workforce

5.1 The table below shows the whole time equivalent (WTE) staff used from April to August 2022. It then compares this with the average in preceding years. There has been a marked and sustained increase in WTE during the COVID-19 pandemic. 117 of these are for the COVID-19 vaccination programme who will be required recurrently (and will increase over the coming months) and another 32 in August are for Test and Protect staff who are in the process of redeployment to vacancies (section 2.5 above refers).

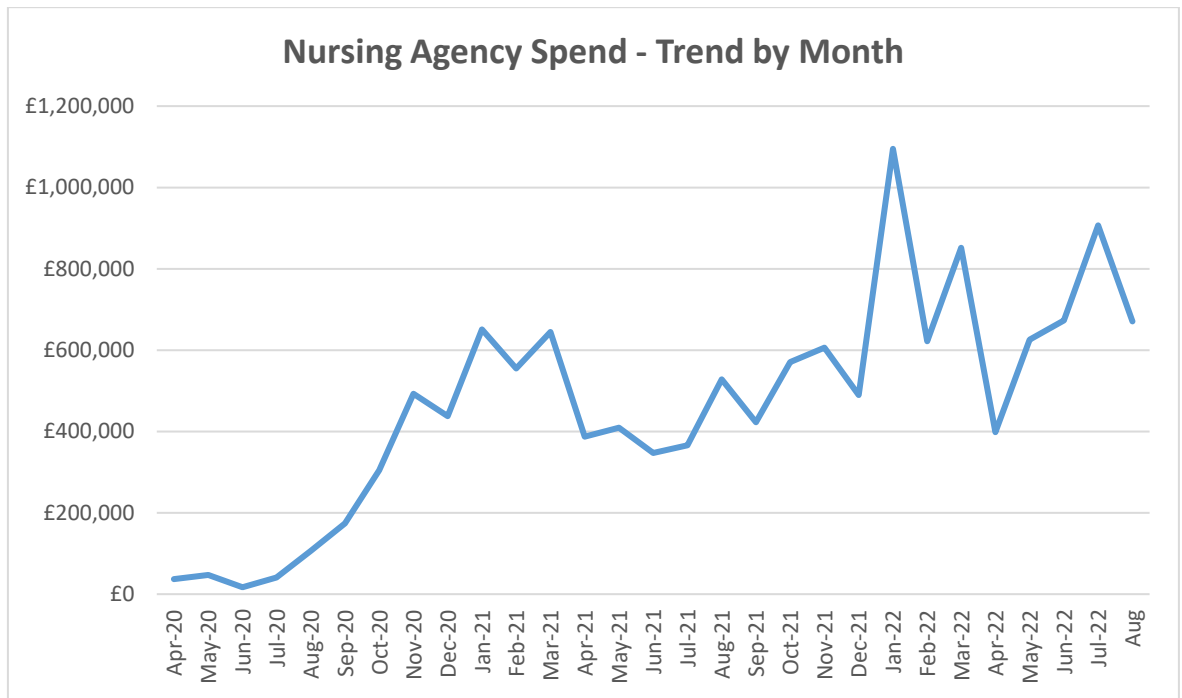
	Apr-22	May-22	Jun-22	Jul-22	Aug-22	2022-23	2021-22	2020-21	2019-20
	WTE	WTE	WTE	WTE	WTE	Apr-Aug Average WTE	Apr-Mar Average WTE	Apr-Mar Average WTE	Apr-Mar Average WTE
Contracted Hrs	9,373	9,466	9,333	9,458	9,435	9,413	9,291	9,034	8,809
Excess Part Time Hrs	417	249	403	244	243	311	344	317	285
Overtime	125	91	83	83	88	94	106	116	93
Bank Staff	441	451	434	482	487	459	406	321	253
Agency Staff	74	81	102	186	102	109	82	55	60
Total WTE	10,430	10,338	10,355	10,453	10,355	10,386	10,230	9,843	9,500

5.2 The trend of increasing staff over the pandemic years requires to be reversed in 2022/2023 as there is not recurring funding to support this level of staffing. This will require beds in acute hospitals to close.

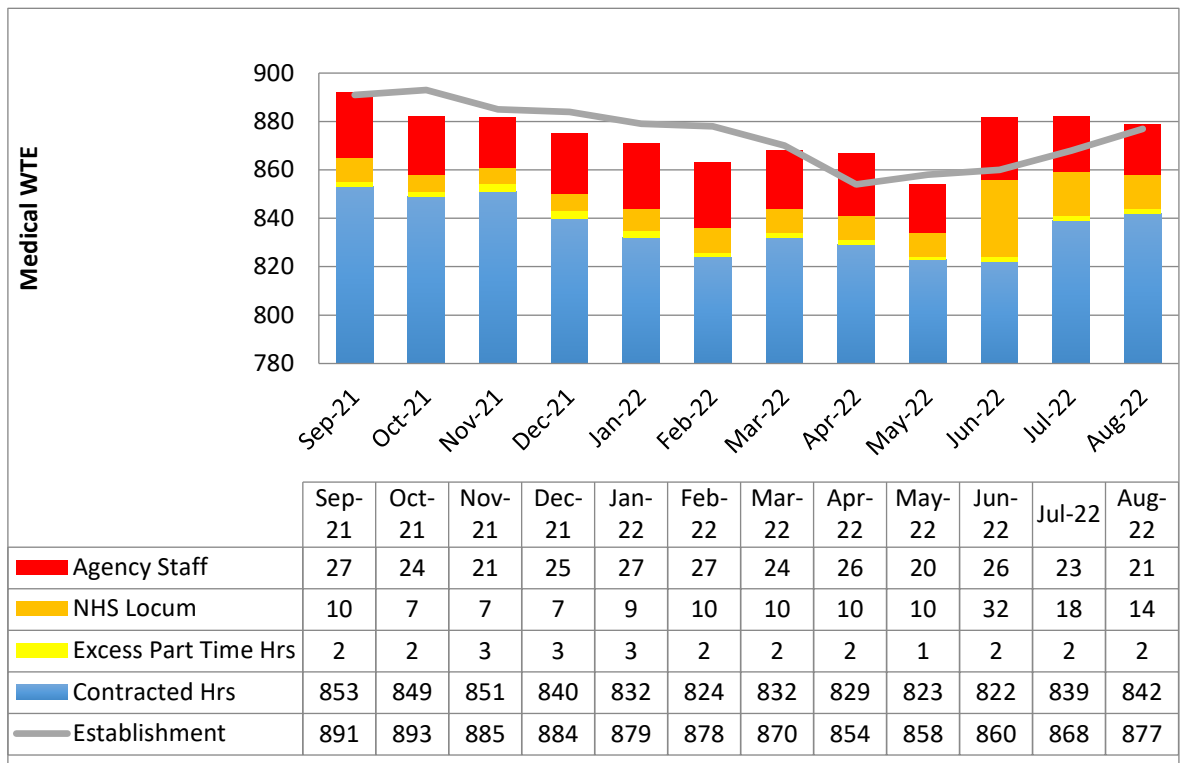
5.3 The graph below shows the trend for nursing staff. This will include bank staff, overtime, excess part time hours and agency. We were 37 WTE over our recurringly funded nursing establishment in Month 5. The reduction in establishment from March 2022 is due to the removal of none recurrently funded posts created to manage COVID-19.



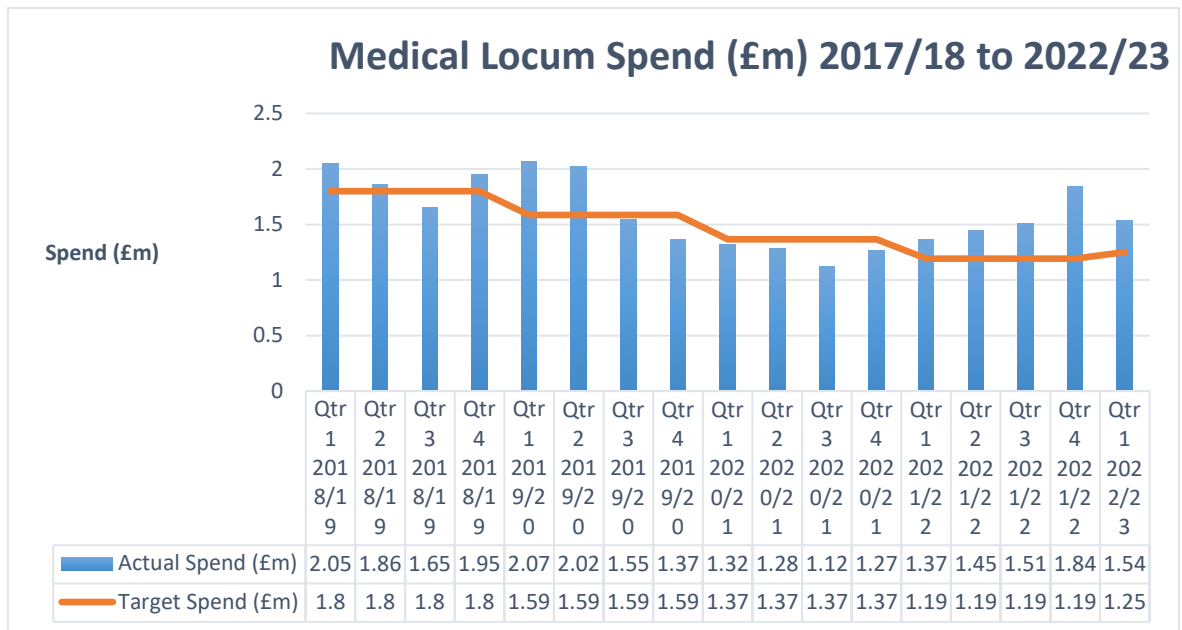
5.4 We spent £0.7 million on agency nursing staff in August, a reduction of £0.2 million compared with July.



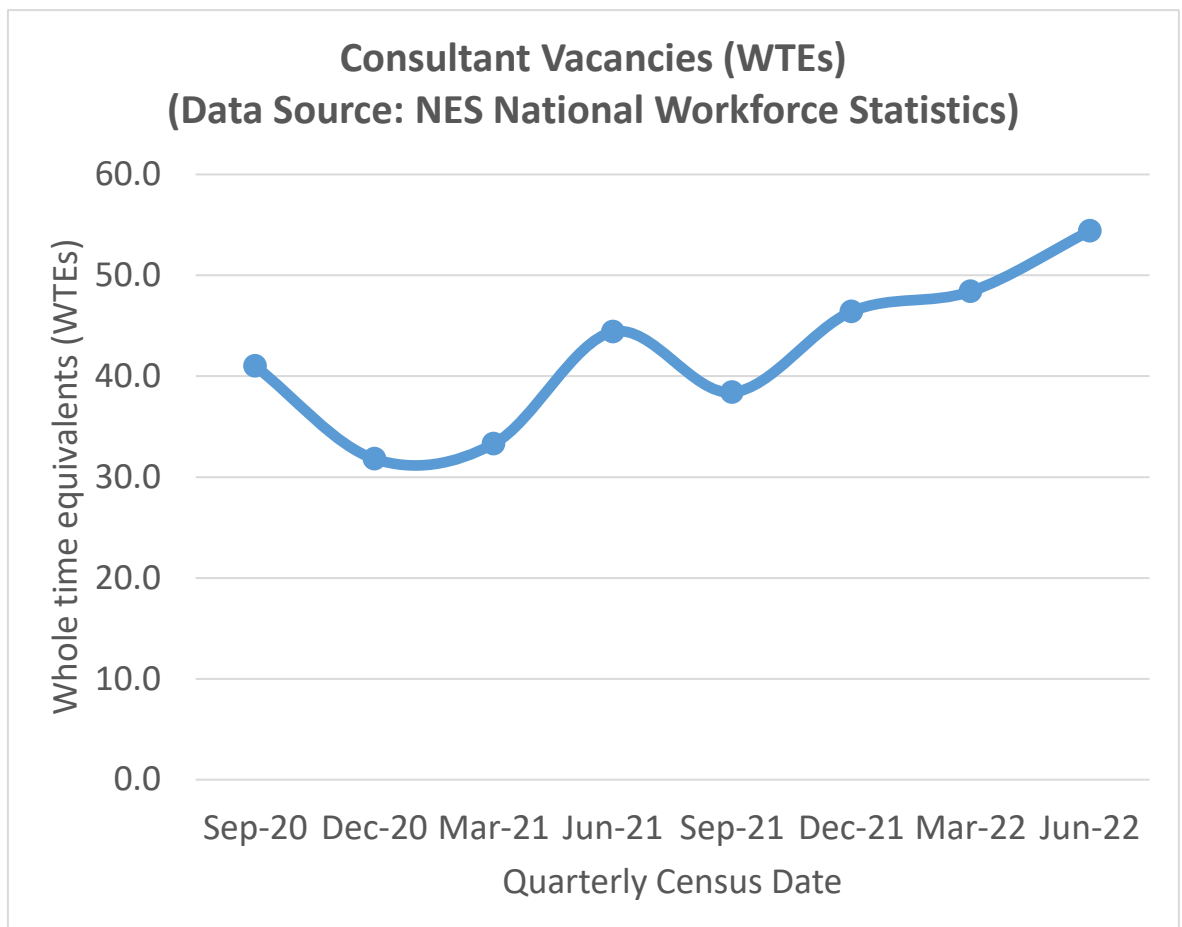
5.5 We used 879 WTE medical staff in July, including locums and agency, which was 2 above establishment. The graph below shows the trend from September 2021 to August 2022. The high cost of some medical agency staff is a driver for an overspend against the medical staff budget.



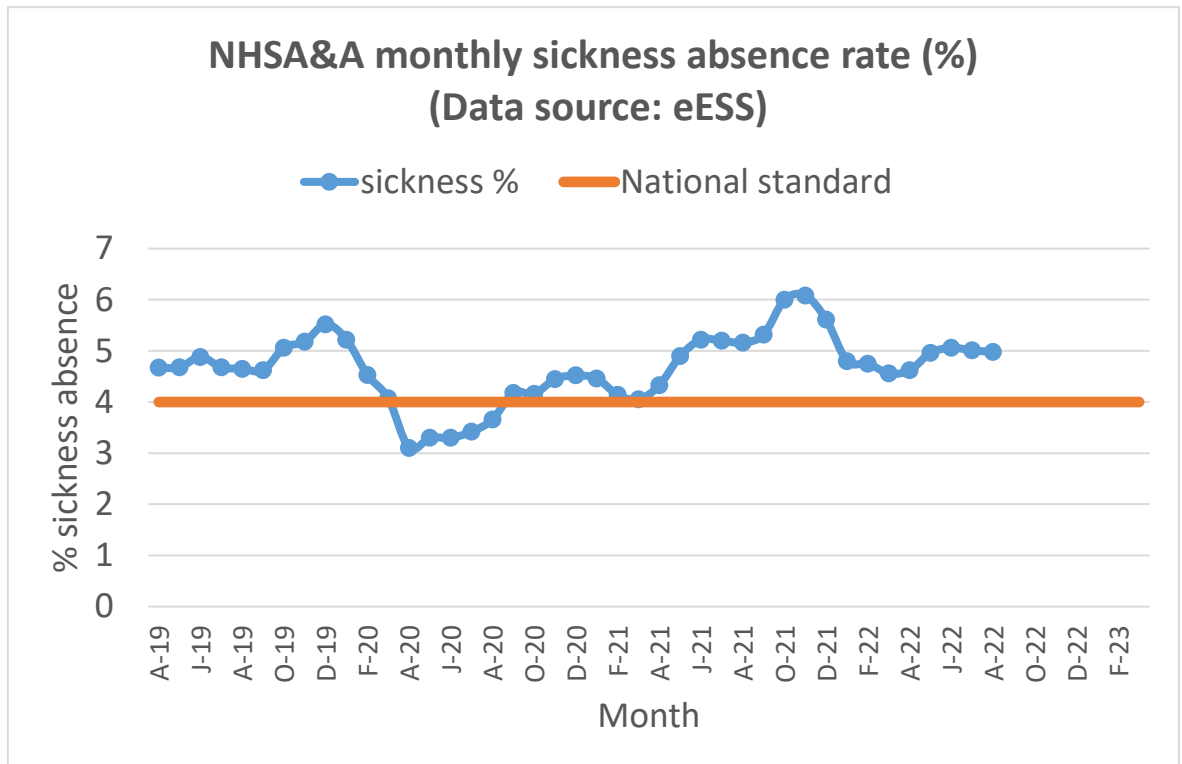
5.6 The graph below shows the trend in medical agency spend from quarter one of 2018/2019 to quarter one of 2022/2023. There is an increasing trend from quarter three of 2020/2021. In the last financial year we spent £6.2 million, with £1.8 million incurred in quarter four and £1.5 million in quarter one of 2022/2023. Spend in July and August is broadly similar to quarter one.



5.7 The level of consultant vacancies impacts directly on medical agency spend. The graph below shows the number of vacancies over time from September 2020 to June 2022. An increasing trend is evident with vacancies now at 54, having been 38 nine months ago.



- 5.8 Staff sickness absence from work has organisational impact beyond the individual staff member, affecting other staff, service delivery, productivity and cost, where backfill arrangements have to be put in place.
- 5.9 Driven by the Board's People Strategy, the Health, Safety & Wellbeing Improvement Plan identifies the programme of work being undertaken to improve staff health and wellbeing and, through the Promoting Attendance Policy, to have a clear process for appropriately managing staff sickness absence. The graph below shows sickness absence trends (excluding COVID-19 related absence) from 2019/2020 to July 2022.



6. Risk assessment and mitigation

- 6.1 The Board set a deficit plan of £26.4 million. The major risks are set out below.
- 6.2 COVID-19 and high unscheduled care demand continues to drive expenditure, and some commitments entered into around additional wards and test and protect will require management to reduce spend.
- 6.3 Funding for COVID-19 expenditure in 2022/2023 and the proposed use of the £36 million with IJBs remains under discussion. It is critical to the Board's financial position that this is resolved. £16.5 million has been advised nationally as our COVID-19 "envelope" for non delegated services and is anticipated in this paper along with a further £2.0 million for Test and Protect. Scottish Government will reclaim surplus reserves from Integrated Joint Boards with detail of this process awaited.
- 6.4 This paper assumes no funding for COVID-19 in excess of the £18.5 million set out in section 6.3 above.

- 6.5 GP Prescribing is known to be volatile in volume and price. Based on 3 months information it is £0.5 million overspent, and risks being £2.0 million over by March 2023.
- 6.6 The CRES programme has components which are opportunities, and delivery is £0.7 million behind target at this stage.

Financial Position for the five months to 31 August 2022

	Salaries				Supplies				Total			
	Annual Budget £000	Year to Date			Annual Budget £000	Year to Date			Annual Budget £000	Year to Date		
	£000	Budget £000	Expenditure £000	Variance £000	£000	Budget £000	Expenditure £000	Variance £000	£000	Budget £000	Expenditure £000	Variance £000
Acute	274,770	116,932	119,514	(2,582)	100,443	40,053	42,895	(2,842)	375,213	156,985	162,409	(5,424)
East Hscp	55,795	23,280	23,129	151	144,656	59,834	59,437	397	200,450	83,114	82,566	548
North Hscp	82,733	34,515	34,763	(248)	80,967	33,527	34,563	(1,036)	163,701	68,042	69,327	(1,284)
South Hscp	30,846	12,835	12,349	486	66,377	26,160	25,863	297	97,223	38,995	38,212	783
HSCP underspends owed to IJBs	0	0	388	(388)	0	0	(342)	342	0	0	46	(46)
New Medicines Fund				0	7,218	2,133	6,840	(4,708)	7,218	2,133	6,840	(4,708)
Other Clinical Services	10,414	4,332	3,905	427	1,532	597	421	175	11,945	4,928	4,326	602
Hospital Community and Family Health Services (section 1)	454,558	191,894	194,049	(2,155)	401,192	162,304	169,677	(7,374)	855,750	354,198	363,726	(9,528)
Chief Executive	865	346	320	27	38	15	11	4	903	361	331	31
Director Public Health	12,686	5,934	5,497	437	2,118	195	403	(209)	14,804	6,129	5,900	228
Medical Director	3,890	1,674	1,738	(64)	(2,527)	(980)	(1,130)	149	1,364	694	609	86
Nursing Director	7,060	2,769	2,464	305	(421)	(342)	(294)	(48)	6,639	2,426	2,169	257
ISS (Operational)	41,015	17,141	16,592	549	14,384	4,953	5,479	(526)	55,399	22,094	22,071	23
ISS (Corporate)	873	437	437	0	41,499	14,165	14,213	(48)	42,372	14,602	14,649	(47)
Finance	4,358	1,816	1,755	61	(612)	(283)	(260)	(22)	3,746	1,533	1,495	38
ORG and HR Development	5,271	2,066	1,981	85	149	(70)	13	(83)	5,419	1,997	1,995	2
West Of Scotland Region Ce	68	28	45	(17)	(68)	(115)	(132)	17	0	(87)	(87)	(0)
Transformation+sustainability	2,104	869	763	106	117	37	14	23	2,221	906	777	129
Clinical and Non Clinical Support Services (Section 2)	78,188	33,081	31,592	1,489	54,678	17,575	18,318	(742)	132,866	50,656	49,909	747
Corporate Resource	(60)	(60)	(60)	(0)	581	(5,547)	(5,267)	(280)	521	(5,607)	(5,327)	(280)
Corporate Reserves	7,899	0	0	0	11,302	(4,088)	0	(4,088)	19,201	(4,088)	0	(4,088)
Corporate Resource and Reserves	7,839	(60)	(60)	(0)	11,883	(9,635)	(5,267)	(4,368)	19,722	(9,695)	(5,327)	(4,368)
NHS A&A Total	540,585	224,915	225,580	(665)	467,753	170,244	182,728	(12,484)	1,008,338	395,159	408,309	(13,150)
Antcipated COVID Funding	0	0	0	0	0	0	0	0	0	0	0	0
NHS A&A Total	540,585	224,915	225,580	(665)	467,753	170,244	182,728	(12,484)	1,008,338	395,159	408,309	(13,150)

COVID-19 Expenditure

Category	Annual Budget £000	COVID YTD Budget £000	COVID YTD Expenditure £000
Additional Hospital Bed Capacity/Costs - Maintaining Surge Capacity	11,711	5,273	4,936
Additional staff overtime and enhancements	80	65	116
Additional temporary staff spend - All Other	1,105	692	937
Medical Staffing	0	112	45
Additional temporary staff spend - Returning Staff	0	0	25
COVID-19 screening and testing for virus	400	94	176
Equipment & Sundries	0	0	1
Deep cleans	625	242	242
Staffing support, including training & staff wellbeing	0	0	3
HR Staff Hub	1	0	0
Additional Temporary Staff - CNO Care Home Additional Responsibilities	823	160	161
Public Health	0	0	47
Covid - Covid Vaccinations	6,151	2,369	2,368
Ph Covid Health Protection	0	0	81
Covid - Mass Testing	112	112	86
*Contact Tracing Costs	1,200	1,295	1,192
Subtotal Health Board	22,208	10,414	10,416
Community Hubs	0	0	121
East HSCP _ Various	0	0	30
East Hscp Long Covid	0	0	169
North HSCP - Various	0	0	390
North Hscp Long Covid	0	0	258
South HSCP - Various	0	0	39
Biggart Beds	0	0	227
South Hscp Long Covid	0	0	44
Subtotal HSCPs	0	0	1,274
COVID-19 Total	22,208	10,414	11,690
Mh Remobilisation Plan	0	0	1
Redesign of Urgent Care	0	295	295
South Mh Remob Plan	0	0	37
Subtotal Exclusions	0	295	333
YTD in COVID-19 Cost Centres	22,208	10,709	12,023

Confirmed and Antcipated Allocations

Appendix 3

Category	Recurring £'000	Earmarked Recurring £'000	Non Recurring £'000	Total £'000
Allocations Received @ M5	806,136	8,883	5,315	820,333
Family Health Services - Non Cash Limited	55,454			55,454
Primary Medical Services		63,083		63,083
Primary Care Improvement Fund		6,774		6,774
Woodland View Unitary Charge		4,328		4,328
New Medicines Fund		3,618		3,618
Action 15 Mental Health		2,610		2,610
Band 2- Band 4 Support Staff		2,214		2,214
Public Dental Service		1,950		1,950
Quarriers		1,612		1,612
Mental Health Framework		1,492		1,492
Chief Nursing Officer Care Home Responsibility		1,023		1,023
Alcohol & Drug Partnerships		996		996
Scottish Trauma Network		971		971
School Nursing		414		414
District Nursing Training		360		360
NSD Out Of Area		350		350
Infant Mental Health		303		303
Camhs Neurodevelopment		226		226
District Nursing Training		155		155
Camhs Home Intensive		148		148
Camhs Liaison Teams		129		129
Camhs Intensive Units		122		122
Wellbeing In Primary Care		109		109
Distinction Awards		88		88
Camhs Out Of Hours		86		86
Mental Health Pharmacy		69		69
Camhs Forensic		52		52
Pharmacy Champions		21		21
West of Scotland Cancer - Prostate		17		17
Discovery 2021-22		(40)		(40)
Pass Contract		(43)		(43)
Pre-registration Pharmacists		(180)		(180)
National Services (paediatric Renal Dialysis)		(200)		(200)
National Distribution Centre		(967)		(967)
Pharmacy Global Sum Tarriff Reductions		(5,080)		(5,080)
Covid Funding			16,500	16,500
Access Funding			13,500	13,500
New Medicines Fund			3,600	3,600
Multidisciplinary Teams			3,040	3,040
Non Core Del			2,800	2,800
Ame Impairments			2,000	2,000
Test And Protect			2,000	2,000
Capital Sacrifice			1,682	1,682
Family Nurse Partnership			1,705	1,705
Combat Stress			1,424	1,424
Uplift-2 Additional Level 3 Beds			1,076	1,076
Woodlandview Pfi Depreciation			854	854
Research & Development			650	650
Amu Pfi Depreciation			632	632
Integrated Primary And Community Care			562	562
Ame Provision			529	529
March 2022 Surplus			510	510
Diabetes Prevention			488	488
Ame Donated Asset Depreciation			400	400
Primary Care Digital Improvement			140	140
Excellence In Care			94	94
Realistic Medicine			60	60
Long Covid Phase 2			57	57
Hpv Topslice			(281)	(281)
Ame Donations			(350)	(350)
Revenue Sacrifice			(508)	(508)
Childrens Hospice			(517)	(517)
Pet Scan			(671)	(671)
Staff Wellbeing			(1,000)	(1,000)
Golden Jubilee			(2,054)	(2,054)
Nss Risk Share			(3,181)	(3,181)
Total Received and Antcipated Allocations	861,589	95,693	51,055	1,008,338

Plan v Forecast	£000	£000	£000	£000
Plan Area (operational)	Annual Plan	M5 YTD Plan	M5 YTD Actual	Variance
Renal Beds	600	250	0	(250)
Frailty Pathway	150	63	0	(63)
Supplies	75	31	31	0
Urology	45	19	0	(19)
Surgical Beds	280	116	0	(116)
Radiology	40	17	17	(0)
Travel	300	125	0	(125)
Income from D&G	100	42	0	(42)
Acute Other	11	3	3	0
Acute Prescribing	1,561	650	650	0
Primary Care Prescribing	2,000	833	803	(30)
External SLAs	2,000	833	833	0
National Services	350	146	146	0
Digital Transformation	200	83	0	(83)
Energy	69	29	29	0
Estate Rationalisation	200	83	83	0
Energy Utilisation	200	83	83	0
Total	8,180	3,407	2,679	(728)