

NHS Ayrshire & Arran



Meeting:	Ayrshire and Arran NHS Board
Meeting date:	Monday 28 November 2022
Title:	Financial Management Report for the seven months to 31 October 2022
Responsible Director:	Derek Lindsay, Director of Finance
Report Author:	Fiona McGinnis, Assistant Director of Finance – Governance and Shared 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 the Scottish Government “envelope” of covid funding is over £2 million less than our projected spend.

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, however projected achievement against this is £6.35 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 seven months ended 31 October 2022. This is a £17.3 million overspend.

2. Revenue resource limit and overall financial position

- 2.1 The total allocations for the year are expected to be £1.04 billion, as shown on Appendix 3. £846 million has been received so far. Of the remaining £192 million Family Health Services accounts for £58.5 million, Primary Care Medical Services £63 million, £22 million for Medical and Agenda for Change Pay Uplift, Primary Care Improvement Fund £6.8 million, Access funding £7.9 million, New Medicines Fund £7.2 million and Capital Sacrifice £4.6m.
- 2.2 Appendix 3 shows the allocations received in month seven along with the further allocations we anticipate during 2022/2023. The main allocations received in October were £16.5 million for Covid 19, £2.3 million for Multidisciplinary Teams, £2 million for the Public Dental Service and £2.2m to cover the full year effect of Agenda for Change Band two to four staff recruited in 2021/2022. There were also some allocation reductions (£6 million for payments to pharmacists and £2.9 million for national risk shares managed by National Services Scotland).
- 2.3 The Board has set a deficit budget of £26.4 million for 2022/2023. This assumed full funding of covid costs by Scottish Government, however this is likely to be over £2 million short.
- 2.4 The Board is £17.3 million overspent after seven months. COVID-19 spend of £13.4 million has been matched with budget.
- 2.5 Detail of COVID-19 spend in in the first seven months of the year is shown on Appendix 2. Around £7.6 million has been spent on staffing additional bed capacity and £3.4 million on COVID-19 vaccinations.
- 2.6 £1.2 million of COVID-19 expenditure has been incurred on staff charged to COVID-19 Test and Protect in Public Health. This service has now ceased and staff are now redeployed or at the end of their fixed term contract and no further charges are expected.
- 2.7 Scottish Government are making arrangements to reclaim reserves in Integration Joint Boards in order to redistribute them to meet some of these current COVID-19 priorities.

3. Acute Services

3.1.1 The annual budget for Acute Services is £379.3 million. The directorate is overspent by £8.2 million in the year to date.

Table 1a	Annual Budget	YTD Budget	YTD Actual	YTD Var	Month Budget	Month Actual	Month Var
<i>All Acute</i>	£000	£000	£000	£000	£000	£000	£000
Pay	278,810	165,887	170,230	(4,343)	25,384	26,044	(661)
Supplies	60,709	33,349	36,524	(3,175)	5,381	5,597	(216)
Purchase of Healthcare	73,668	44,239	43,145	1,094	6,176	5,975	201
Provision of Healthcare	(29,295)	(17,349)	(17,521)	172	(3,211)	(3,274)	63
Operating Income	(1,096)	(860)	(934)	74	(46)	(70)	24
Unallocated Savings	(3,448)	(2,011)	0	(2,011)	(321)	0	(321)
Total	379,348	223,255	231,444	(8,189)	33,362	34,272	(910)

3.1.2 The position deteriorated by £0.9 million in Month seven.

3.1.3 There were 249 delayed discharges in our hospitals in the week commencing the 31st October. 118 were on the two main acute hospital sites. 79 were in Community Hospitals with a further 52 in Mental Health facilities.

3.1.4 The year to date overspend on medical pay is now £2.0 million. The majority of this overspend is against junior doctor budgets. More information on medical staffing is provided in paragraph 5.5.

3.1.5 Medicines overspent by £0.2 million in the month and are now £1.8 million over in the year to date. Finance are working with Pharmacy to understand and limit overspends moving forward.

3.1.6 Unallocated Acute CRES is £3.4 million. It will contribute an unfavourable variance of £0.287 million per month until robust plans are found to address the savings requirement.

3.2 New Medicines Fund

3.2.1 The budget has been adjusted to be equivalent to funding received from Scottish Government (£7.2 million for the year). Spend of £10.6 million against the New Medicines Fund (NMF) to date results in a £6.6 million overspent after seven 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 £12.0 million. It is underspent by £0.70 million after seven months.

3.4 Health and Social Care Partnerships (HSCPs)

3.4.1 The total health budgets for the three HSCPs are now £467.6 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 £57.0 million and are close to breakeven after seven 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 £47.2 million and are close to breakeven after seven months.

3.6 Corporate Services

- 3.6.1 Corporate Services have budgets of £35.5 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. With the exception of Organisational and Human Resource Development which has a small overspend, these areas have underspends, which in aggregate total £1 million.

3.7 Corporate Resource and Reserves

- 3.7.1 Reserves (budgets not issued to directorates) total £33.7m of which £26.6 million is for pay increase yet to be allocated to budget until agreement reached nationally. £4.2 million is the reserves overspend for the year to date. This is mostly a result of the underlying deficit which is offset by some one-off benefits.

4. Efficiency and Transformation Programme

- 4.1 The Cash Releasing Efficiency Savings (CRES) programme for 2022/2023 totals £8.2 million. £3.5 million has been achieved against the £4.8 million year to date target. The underachievement is mainly due to schemes within acute from 2021/2022 which were planned to deliver in 2022/2023 but which have not done so to date. Whilst the acute prescribing saving plan is £0.3 million behind plan at present, we expect this to largely recover in the second half of the financial year.

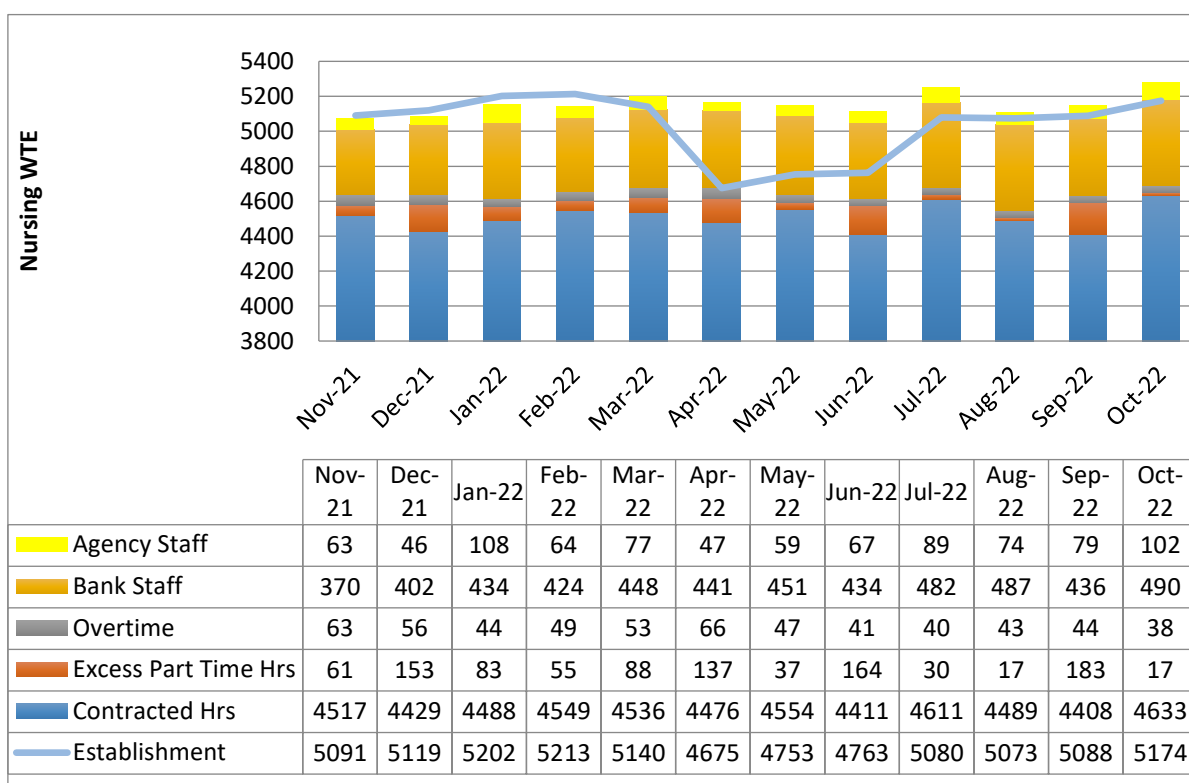
5. Workforce

- 5.1 The table below shows the whole time equivalent (WTE) staff used from April to October 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. 133 of these are for the COVID-19 vaccination programme who will be required recurrently (and will increase over the coming months). There was an overall increase of 109 WTE during October with contracted hours increasing by 238 WTE.

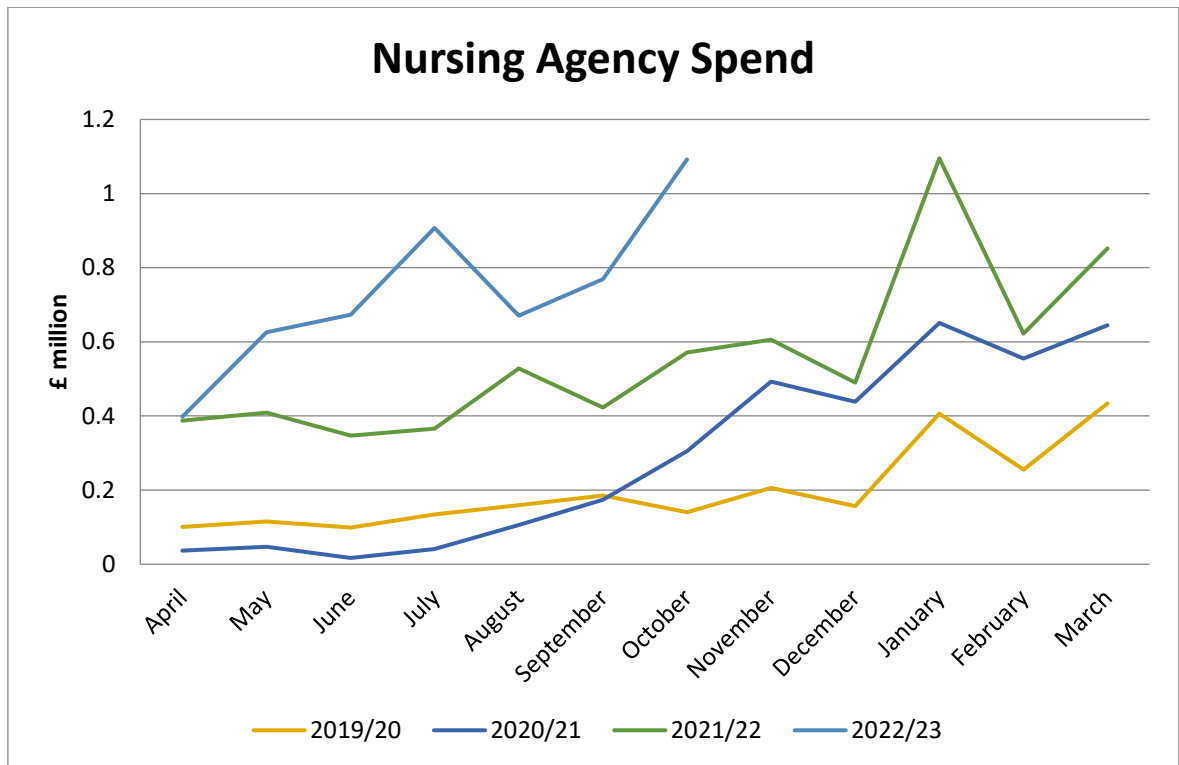
	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	2022-23 Apr-Oct Average WTE	2021-22 Apr-Mar Average WTE	2020-21 Apr-Mar Average WTE	2019-20 Apr-Mar Average WTE
Contracted Hrs	9,373	9,466	9,333	9,458	9,435	9,387	9,625	9,440	9,291	9,034	8,809
Excess Part Time Hrs	417	249	403	244	243	427	245	318	344	317	285
Overtime	125	91	83	83	88	93	82	92	106	116	93
Bank Staff	441	451	434	482	487	436	490	460	406	321	253
Agency Staff	74	81	102	186	102	113	123	112	82	55	60
Total WTE	10,430	10,338	10,355	10,453	10,355	10,456	10,565	10,422	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.

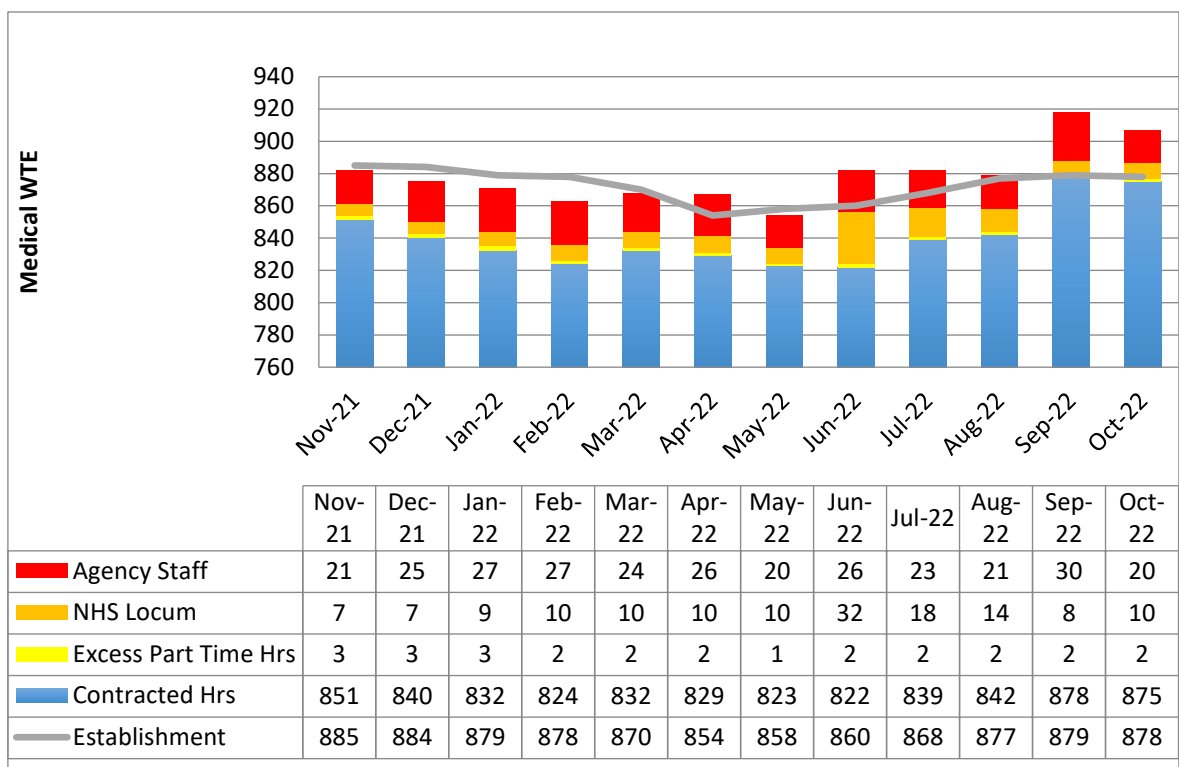
5.3 The graph below shows the trend for nursing staff. This will include bank staff, overtime, excess part time hours and agency. We were 106 WTE over our nursing establishment in Month 7.



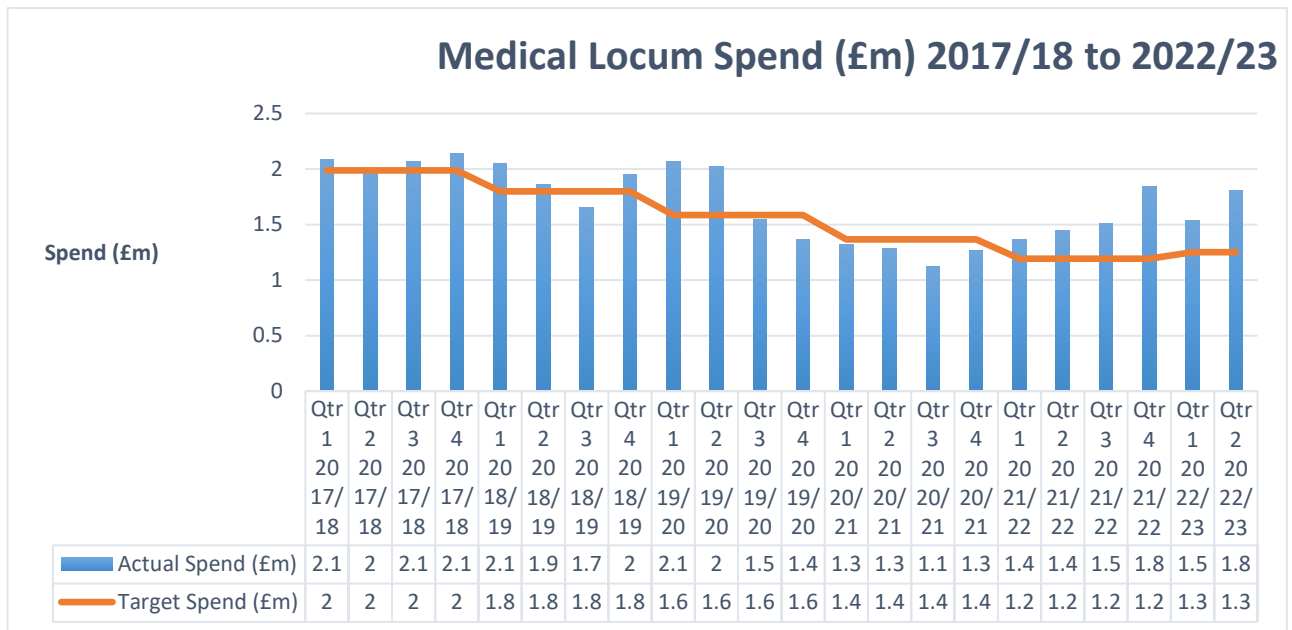
5.4 We spent £1.1 million on agency nursing staff in October, an increase of £0.3 million over September. This is well in excess of previous years spend at this point in the year and is the first time monthly spend has exceeded £1.0 million this year.



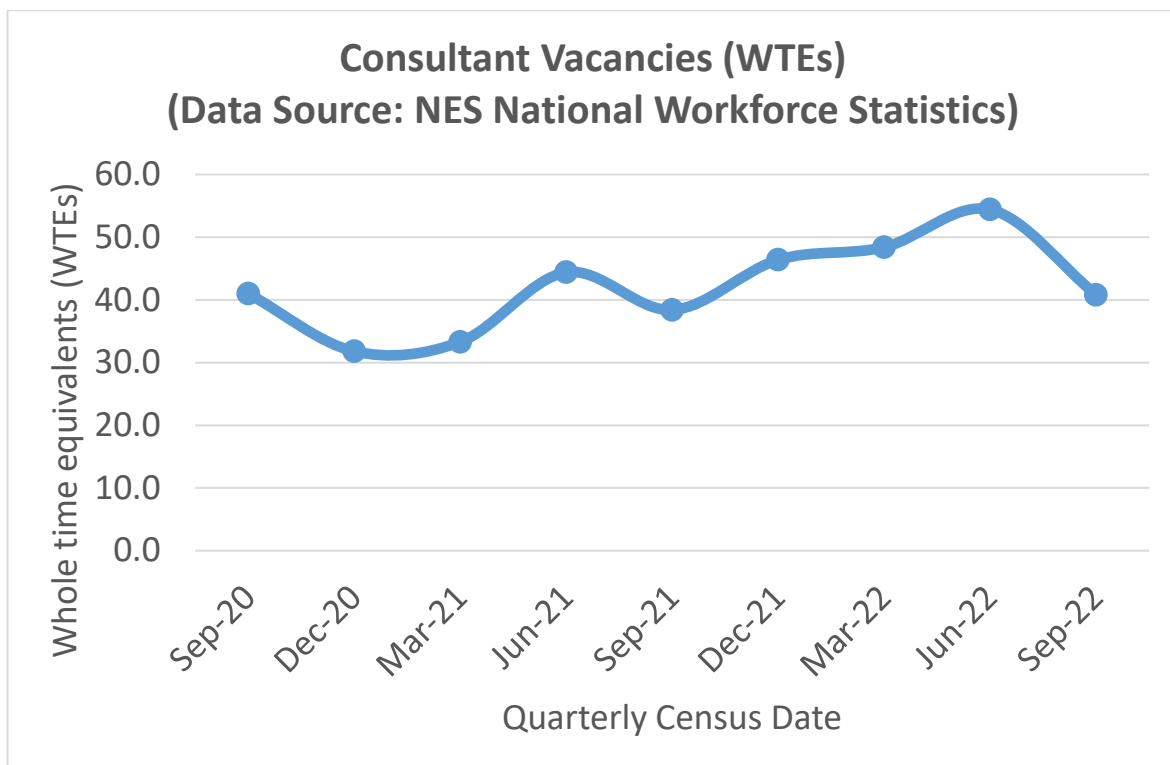
5.5 We used 907 WTE medical staff in October, including locums and agency. This was 29 above establishment and is the main reason for the £2 million overspend. Agency WTE decreased from 30 to 20, whilst contracted hours remained at 875 however there had been an increase of 36 WTE in September. The graph below shows the trend from November 2021 to October 2022. The high cost of some medical agency staff is a driver for an overspend against the medical staff budget.



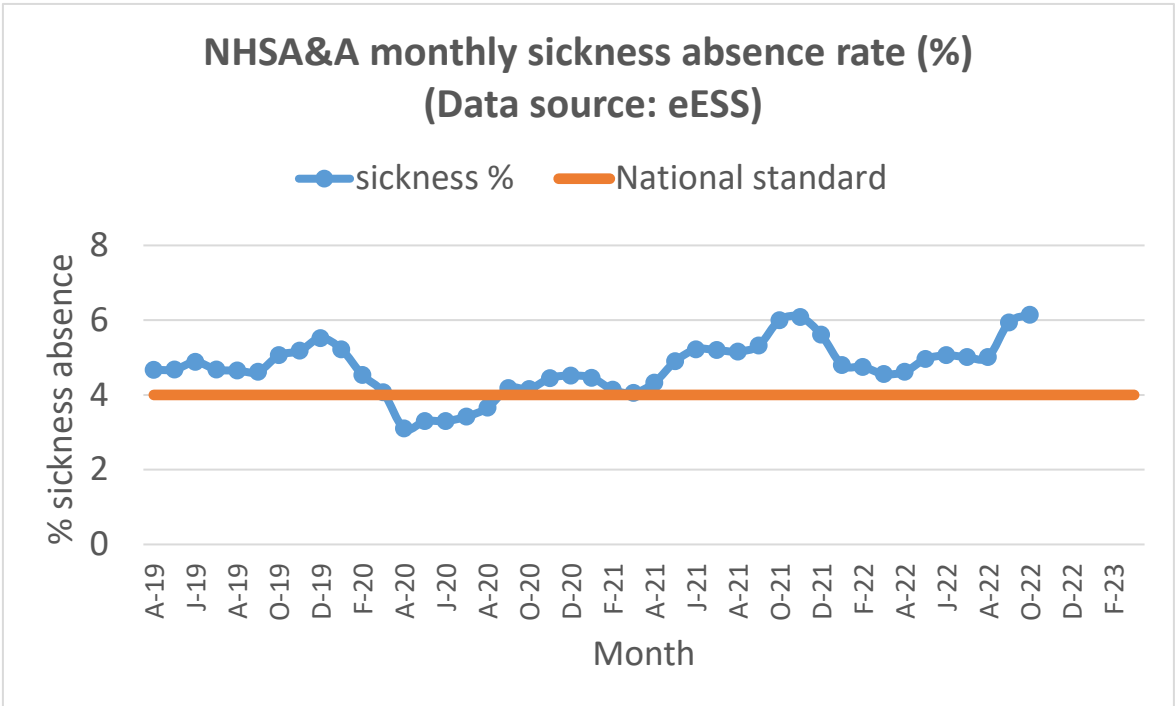
5.6 The graph below shows the trend in medical agency spend from quarter one of 2018/2019 to quarter two of 2022/2023. There is an increasing trend from quarter three of 2020/2021 following three years of reductions. In the last financial year we spent £6.2 million on agency doctors, with £1.8 million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



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 September 2022. There has been a reduction in the number of vacancies over the last quarter with numbers now comparable to the position a year 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 October 2022. There has been a sharp increase in absence in September and October due to covid related absence no longer being excluded.



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 commitments entered into around additional wards and test and protect will require to reduce spend. Operational pressure, including 249 delayed discharges in the week commencing the 31st October 2022, will make the bed reductions required to hit our financial target extremely challenging to deliver.
- 6.3 There are particularly high levels of delayed discharge within South Ayrshire. The South IJB has been asked to contribute to the additional costs being incurred in acute services as a result of the above average levels of delays, but it is uncertain if any funding will be forthcoming.
- 6.4 The £7.9 million now confirmed for access will not enable us to reduce waiting lists beyond the existing trajectory. Some specialties will deteriorate further. A decision to use £1.0 million of board funds to supplement this has been taken by Corporate Management Team. This is reflected in the reserves position.

- 6.5 GP Prescribing is known to be volatile in volume and price. Based on 5 months this risks being £5.0 million over by March 2023. This is mostly as a result of price increases which are continuing as the year progresses.
- 6.6 In previous years a number of unspent allocations have been carried forward to the following year. With the current financial position this is no longer an option.

Financial Position for the seven months to 31 October 2022

	Salaries				Supplies				Total				Forecast - Outturn £000
	Annual Budget £000	Budget £000	Expenditure £000	Variance £000	Annual Budget £000	Budget £000	Expenditure £000	Variance £000	Annual Budget £000	Budget £000	Expenditure £000	Variance £000	
Acute	278,810	165,887	170,230	(4,343)	100,538	57,367	61,214	(3,847)	379,348	223,255	231,444	(8,189)	(13,785)
East Hscp	57,135	33,045	32,843	202	148,377	85,438	84,661	777	205,512	118,482	117,503	979	0
North Hscp	84,110	48,589	48,984	(394)	80,467	46,653	47,773	(1,120)	164,577	95,242	96,757	(1,515)	0
South Hscp	32,141	18,280	17,476	803	65,370	36,632	36,432	200	97,510	54,912	53,908	1,003	0
HSCP underspends owed to IJBs	0	0	611	(611)	0	0	(143)	143	0	0	468	(468)	0
New Medicines Fund				0	7,218	4,002	10,585	(6,582)	7,218	4,002	10,585	(6,582)	(13,137)
Other Clinical Services	10,514	6,131	5,623	508	1,532	925	738	187	12,045	7,056	6,361	695	1,191
Hospital Community and Family Health Services (section 1)	462,710	271,932	275,767	(3,835)	403,502	231,018	241,260	(10,242)	866,211	502,949	517,026	(14,077)	(25,731)
Chief Executive	831	485	449	36	38	22	13	9	869	506	462	45	80
Director Public Health	12,367	7,604	7,400	204	1,643	569	511	58	14,010	8,173	7,910	262	500
Medical Director	3,979	2,342	2,541	(199)	(2,462)	(1,416)	(1,656)	240	1,517	926	885	41	71
Nursing Director	7,417	3,967	3,498	469	(335)	(478)	(477)	(1)	7,082	3,489	3,021	468	802
ISS (Operational)	41,077	23,956	23,173	783	15,934	8,091	8,869	(778)	57,011	32,047	32,042	5	0
ISS (Corporate)	874	560	558	2	46,352	22,911	22,840	71	47,226	23,471	23,398	73	0
Finance	4,376	2,545	2,448	97	(598)	(349)	(328)	(21)	3,778	2,196	2,120	76	100
ORG and HR Development	5,287	2,944	2,858	85	703	(81)	38	(119)	5,990	2,863	2,896	(33)	0
West Of Scotland Region Ce	68	39	73	(33)	(68)	(98)	(132)	33	0	(59)	(59)	(0)	0
Transformation+sustainability	2,104	1,226	1,084	142	117	51	18	34	2,221	1,277	1,102	176	302
Clinical and Non Clinical Support Services (Section 2)	78,379	45,668	44,082	1,586	61,323	29,221	29,695	(473)	139,703	74,889	73,777	1,113	1,855
Corporate Resource	1,908	(60)	(60)	0	(3,720)	(8,462)	(8,359)	(104)	(1,812)	(8,522)	(8,419)	(104)	(100)
Corporate Reserves	26,588	0	0	0	7,110	(4,231)	0	(4,231)	33,698	(4,231)	0	(4,231)	(6,424)
Corporate Resource and Reserves	28,495	(60)	(60)	0	3,391	(12,693)	(8,359)	(4,335)	31,886	(12,753)	(8,419)	(4,335)	(6,524)
NHS A&A Total	569,584	317,540	319,789	(2,249)	468,216	247,546	262,595	(15,050)	1,037,800	565,085	582,384	(17,299)	(30,400)
Anticipated COVID Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
NHS A&A Total	569,584	317,540	319,789	(2,249)	468,216	247,546	262,595	(15,050)	1,037,800	565,085	582,384	(17,299)	(30,400)

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	7,061	6,541
Additional staff overtime and enhancements	80	80	126
Additional temporary staff spend - All Other	694	693	1,024
Medical Staffing	0	0	46
Additional temporary staff spend - Returning Staff	0	0	25
COVID-19 screening and testing for virus	400	141	206
Equipment & Sundries	0	0	8
Deep cleans	625	338	336
Staffing support, including training & staff wellbeing	0	0	5
HR Staff Hub	1	1	1
Additional Temporary Staff - CNO Care Home Additional Responsibilities	823	222	222
Public Health	0	52	57
Covid - Covid Vaccinations	6,342	3,380	3,380
Ph Covid Health Protection	0	108	108
Covid - Mass Testing	112	112	97
*Contact Tracing Costs	1,200	1,200	1,209
Subtotal Health Board	21,987	13,388	13,391
Community Hubs	0	0	172
East HSCP _ Various	0	0	14
East Hscp Long Covid	0	0	169
North HSCP - Various	0	0	548
North Hscp Long Covid	0	0	258
South HSCP - Various	0	0	54
Biggart Beds	0	0	318
South Hscp Long Covid	0	0	44
Subtotal HSCPs	0	0	1,573
COVID-19 Total	21,987	13,388	14,964
Mh Remobilisation Plan	0	0	0
Redesign of Urgent Care	0	580	580
South Mh Remob Plan	0	0	50
Subtotal Exclusions	0	580	630
YTD in COVID-19 Cost Centres	21,987	13,968	15,594

Confirmed and Antcipated Allocations

Category	Recurring £'000	Earmarked Recurring £'000	Non Recurring £'000	Total £'000
Allocations Received @ M6	806,136	11,241	12,580	829,956
ICU Baseline Uplift	988			988
SACT and Acute Oncology	97			97
NSSC Hilar Cholangiocarcinoma	(37)			(37)
NSSC Paediatric Intensive Care Unit	(48)			(48)
NSSC Paediatric Renal Dialysis	(225)			(225)
Multidisciplinary Teams		2,274		2,274
GDS Public Dental Service		2,038		2,038
CSO NRS Infrastructure		643		643
Covid 19 Funding			16,500	16,500
Funding Bands 2-4			2,206	2,206
2021-22 Surplus			510	510
Recruitment Of NMAPHs			239	239
Dental Support Workers and Oral Health			234	234
Realistic Medicine Network and Projects			99	99
Excellence In Care Ehealth Leads			94	94
Band 8a Funding			74	74
Young Patients Family Fund			36	36
HPV Labs			(281)	(281)
Childrens' Hospice			(515)	(515)
NSD Riskshare			(2,887)	(2,887)
Drug Tariff Reduction			(5,974)	(5,974)
Allocations received in October	775	4,955	10,334	16,063
Total Allocations at October	806,911	16,196	22,913	846,020
Family Health Services - Non Cash Limited	58,544			58,544
Medical Pay Uplift	1,410			1,410
AfC Pay Uplift	20,620			20,620
Primary Medical Services		63,083		63,083
Primary Care Improvement Fund		6,774		6,774
New Medicines Fund		3,618		3,618
Action 15 Mental Health		2,610		2,610
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		552		552
Scottish Trauma Network		252		252
School Nursing		414		414
District Nursing Posts		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)
Pre-registration Pharmacists		(180)		(180)
National Distribution Centre		(967)		(967)
Access Funding			7,867	7,867
Capital Sacrifice			4,585	4,585
New Medicines Fund			3,600	3,600
Non Core Del			2,800	2,800
MACA Military Aid Civil Authorities			2,660	2,660
Ame Impairments			2,000	2,000
Capital Grant Hospice			2,000	2,000
Depreciation			1,750	1,750
Combat Stress			1,424	1,424
Woodlandview Pfi Depreciation			854	854
Winter Sustainability			700	700
Amu Pfi Depreciation			632	632
Integrated Primary And Community Care			562	562
Diabetes Prevention			488	488
Ame Donated Asset Depreciation			400	400
Test And Protect			400	400
International Recruitment			326	326
AME Provision			200	200
Excellence In Care			94	94
Realistic Medicine			60	60
Ame Donations			(350)	(350)
Pet Scan			(671)	(671)
Revenue Sacrifice			(1,600)	(1,600)
Golden Jubilee			(2,054)	(2,054)
Total Received and Antcipated Allocations	887,485	98,675	51,640	1,037,800

Cash Releasing Efficiency Savings

Plan v Forecast	£000	£000	£000	£000	£000
		M7 YTD	M7 YTD		Forecast Variance
Plan Area (operational)	Annual Plan	Plan	Actual	Variance	@ M12
Renal Beds	600	350	0	(350)	(600)
Frailty Pathway	150	88	0	(88)	(150)
Supplies	75	44	44	0	0
Urology	45	26	0	(26)	(45)
Surgical Beds	280	163	0	(163)	(280)
Radiology	40	23	23	(0)	0
Travel	300	175	0	(175)	(300)
Income from D&G	100	58	0	(58)	(100)
Acute Other	11	3	3	0	0
Acute Prescribing	1,561	911	627	(284)	(125)
Primary Care Prescribing	2,000	1,167	1,137	(30)	(30)
External SLAs	2,000	1,167	1,167	0	0
National Services	350	204	204	0	0
Digital Transformation	200	117	0	(117)	(200)
Energy	69	40	40	0	0
Estate Rationalisation	200	117	117	0	0
Energy Utilisation	200	117	117	0	0
Total	8,180	4,768	3,478	(1,290)	(1,830)