

NHS Ayrshire & Arran

Meeting:	Ayrshire and Arran NHS Board
Meeting date:	Tuesday 28 March 2023
Title:	Financial Management Report for the 11 months to 28 February 2023
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 £3 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 £6.5 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 11 months ended 28 February 2023. This is a £22 million overspend.

2. Revenue resource limit and overall financial position

- 2.1 The total allocations for the year are expected to be £1.02 billion, as shown on Appendix 3. £955 million has been received so far. Of the remaining £69 million Family Health Services accounts for £59.3 million.
- 2.2 Appendix 3 shows the allocations received in month 11 along with the further allocations we anticipate during 2022/2023. The main allocations received in February were £29 million for the pay award, £3.7 million for New Medicines Fund, £4.4 million for mental health services, £2.1 million for the Alcohol and Drug Partnerships, and a deduction of £1 million for the National Distribution Centre logistic service charges.
- 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 the allocation of £16.5 million received is over £3 million less than costs.
- 2.4 The Board is £22 million overspent after 11 months. The forecast outturn is a deficit of £24.8 million which is a £1.8 million improvement on our annual plan of £26.4 million.
- 2.5 Detail of COVID-19 spend of £20.4 million in the first 11 months of the year is shown on Appendix 2. Around £11.8 million has been spent on staffing additional bed capacity and £5.5 million on the COVID-19 vaccination programme.
- 2.6 £1.3 million of COVID-19 expenditure has been incurred on staff charged to COVID-19 Test and Protect. 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.

3. Acute Services

3.1.1 The annual budget for Acute Services is £400.4 million. The directorate is overspent by £13.0 million in the year to date. The position deteriorated by £1.2 million in Month 11.

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	292,994	273,221	280,607	(7,387)	35,230	35,887	(657)
Supplies	66,466	55,064	59,974	(4,910)	5,518	5,803	(285)
Purchase of Healthcare	74,603	69,493	67,527	1,966	5,972	6,067	(95)
Provision of Healthcare	(29,182)	(27,230)	(27,562)	332	(2,419)	(2,513)	95
Operating Income	(1,096)	(1,036)	(1,150)	114	(45)	(54)	9
Unallocated Savings	(3,355)	(3,075)	0	(3,075)	(280)	0	(280)
Total	400,431	366,437	379,396	(12,959)	43,976	45,190	(1,214)

3.1.2 Nursing pay budgets are £4.54 million overspent, mainly due to £8.3 million of nursing agency spend in the acute division in the first 11 months of the year (£0.8

million in February). The use of agency nurses is largely driven by the additional beds open in our hospitals.

- 3.1.3 There were 245 delayed discharges in our hospitals in the week commencing the 27th February. 148 were on the two main acute hospital sites, 57 were in Community Hospitals with a further 40 in Mental Health facilities.
- 3.1.4 The table below shows the costs for unfunded wards opened due to longer length of stays and delays in discharge or step down. In the current year some of these costs are covered by covid funding, but none will be available in 2023/24.

Cost Centre Name	Ward	Description	M11 Spend £'000
UHC Covid 3F	3F	Unfunded – Stroke Assessment Unit	1,400
UHC Covid 4E	4E	Unfunded – winter ward	1,945
UHC Covid 5A 18 Beds	5A	Unfunded additional beds	822
UHC Ward 5B	5B	Unfunded – winter ward	1,842
UHA Covid Station 1	S1	Unfunded Station 1	1,935
UHA Station 2	S2	Unfunded Station 2 (previously vascular)	1,007
UHA Covid Station 10	S10	Unfunded Station 10 & 11	1,238
		Total	10,189

- 3.1.5 The year to date overspend on medical pay is now £3.2 million. The full overspend is against junior doctor budgets. More information on medical staffing is provided in paragraph 5.5.
- 3.1.6 Medicines overspent by £0.1 million in the month and are now £2.6 million over in the year to date. There has been a sharp increase in medicines spend compared to last year, with haematology/oncology being the largest specialty.
- 3.1.7 Unallocated Acute savings amount to £3.4 million for the year. It will contribute an unfavourable variance of £0.3 million per month until robust plans are found to address the savings requirement.

3.2 New Medicines Fund

- 3.2.1 This month an additional allocation of £3.7 million was received from Scottish Government which had not been anticipated. It is not reflected in the New Medicines Fund (NMF) budget and is included in corporate reserves. Spend of £16.7 million against the NMF budget results in a £6.7 million overspend after 11 months.
- 3.2.2 Until early 2023, Scottish Government told Boards to assume their share of £100 million nationally towards New Medicines Fund, however this assumption has recently increased to £200 million which NHS Ayrshire and Arran's share is £14.6 million. The budget for the New Medicines Fund has been increased to reflect this which also results in a lower projected overspend for the year.

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 £12.7 million. It is underspent by £1.0 million after 11 months.

3.4 Health and Social Care Partnerships (HSCPs)

- 3.4.1 The total health budgets for the three HSCPs are now £447.6 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 £57.3 million and are £0.34 million underspent after 11 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 £49.9 million and are £0.18 million overspent after 11 months.

3.6 Corporate Services

- 3.6.1 Corporate Services have budgets of £36.9 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. All of these areas have underspends, which in aggregate total £1.8 million.

3.7 Corporate Resource and Reserves

- 3.7.1 Reserves (budgets not issued to directorates) total £13.5 million of which £13.5 million is for pay awards. An allocation of £29 million was received this month for pay awards. The arrears for the Agenda for Change pay award were paid in February. Reserves are £4.8 million overcommitted at month 11. This is mostly a result of the underlying deficit which is offset by one-off benefits and additional NMF funding.

4. Efficiency and Transformation Programme

- 4.1 The Cash Releasing Efficiency Savings (CRES) programme for 2022/2023 totals £8.2 million. £5.8 million has been achieved against the £7.5 million year to date target. The underachievement is mainly due to schemes within acute which were planned to deliver in 2022/2023 but which have not done so to date.

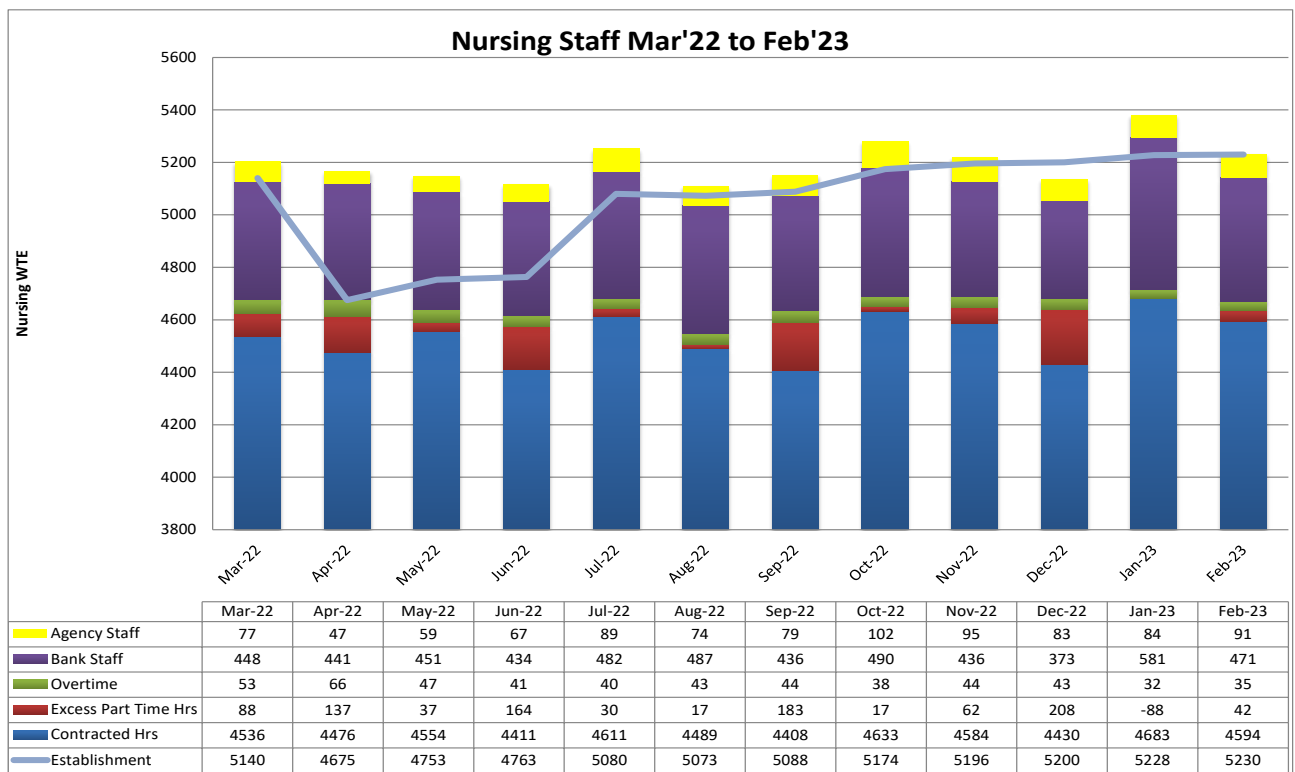
5. Workforce

5.1 The table below shows the whole time equivalent (WTE) staff used from April 2022 to February 2023. 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. There was an overall decrease of 31 WTE during February with contracted staffing decreasing by 73 WTE.

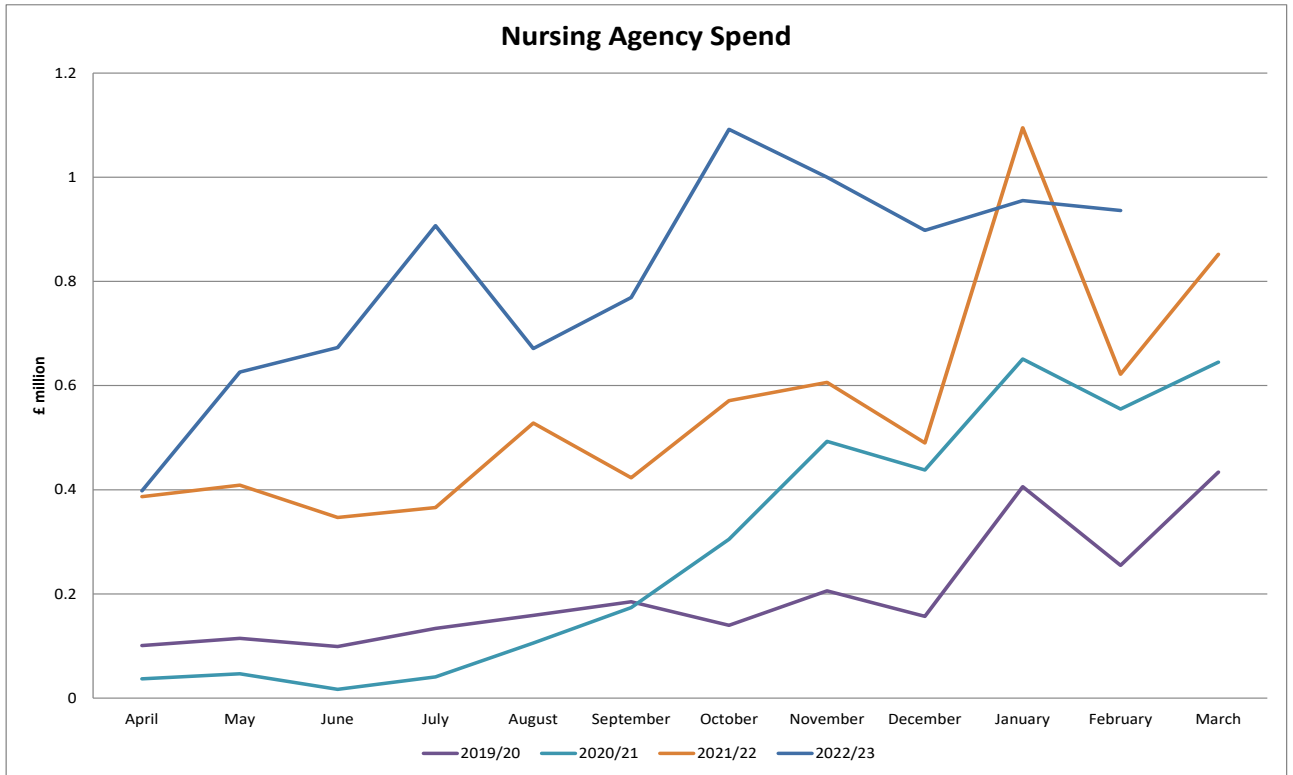
	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	2022-23 Apr-Feb Average WTE	2021-22 Apr-Mar Average WTE	2020-21 Apr-Mar Average WTE	2019-20 Apr-Mar Average WTE
Contracted Hrs	9,373	9,466	9,333	9,458	9,435	9,387	9,625	9,559	9,365	9,650	9,577	9,475	9,291	9,034	8,809
Excess Part Time Hrs	417	249	403	244	243	427	245	290	459	116	262	305	344	317	285
Overtime	125	91	83	83	88	93	82	92	88	66	67	87	106	116	93
Bank Staff	441	451	434	482	487	436	490	436	373	581	471	462	406	321	253
Agency Staff	74	81	102	186	102	113	123	116	109	107	112	111	82	55	60
Total WTE	10,430	10,338	10,355	10,453	10,355	10,456	10,565	10,493	10,394	10,520	10,489	10,441	10,230	9,843	9,500

5.2 The trend of increasing staff over the pandemic years requires to be reversed 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 only 3 WTE over our nursing establishment in Month 11.

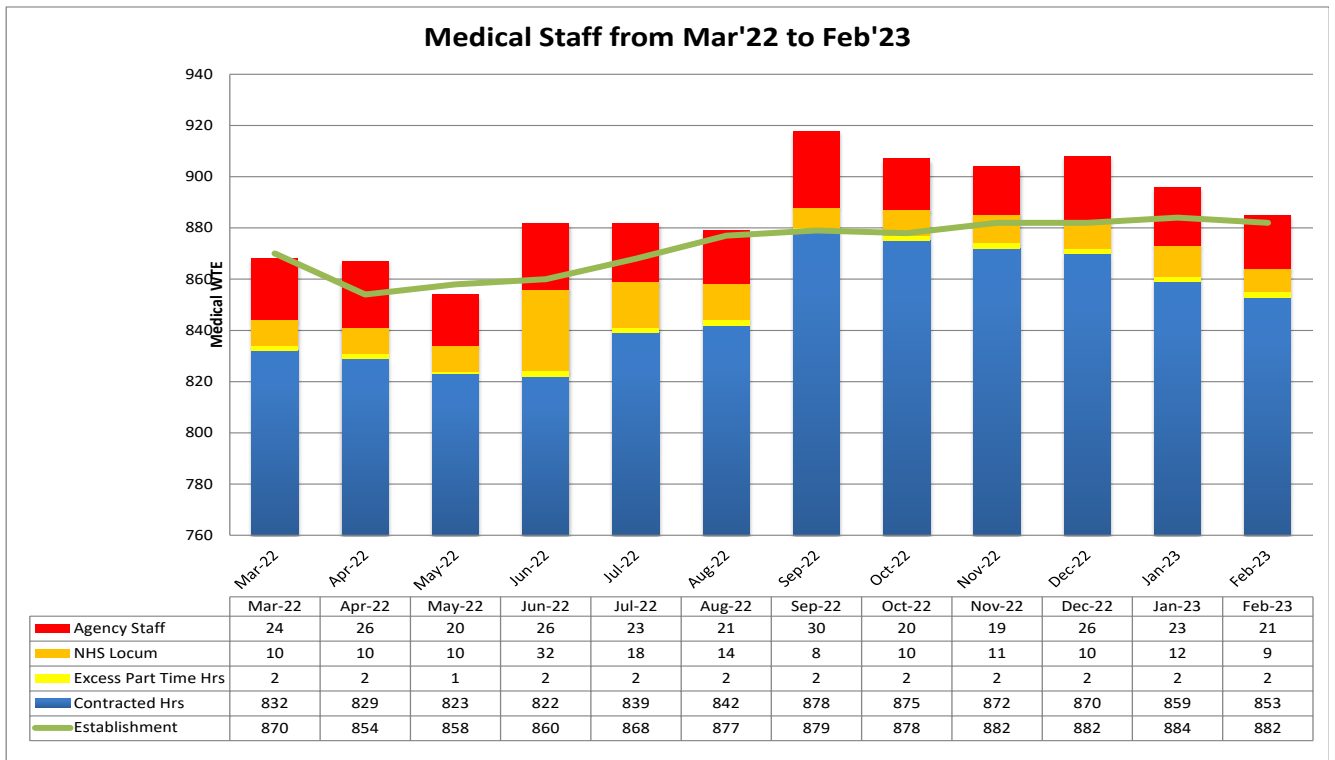


5.4 We spent £0.94 million on agency nursing staff in February, a slight decrease from the £0.96 million spent in January. Spend to date totals £8.9 million which is well in excess of previous years spend at this point in the year (£5.8 million).

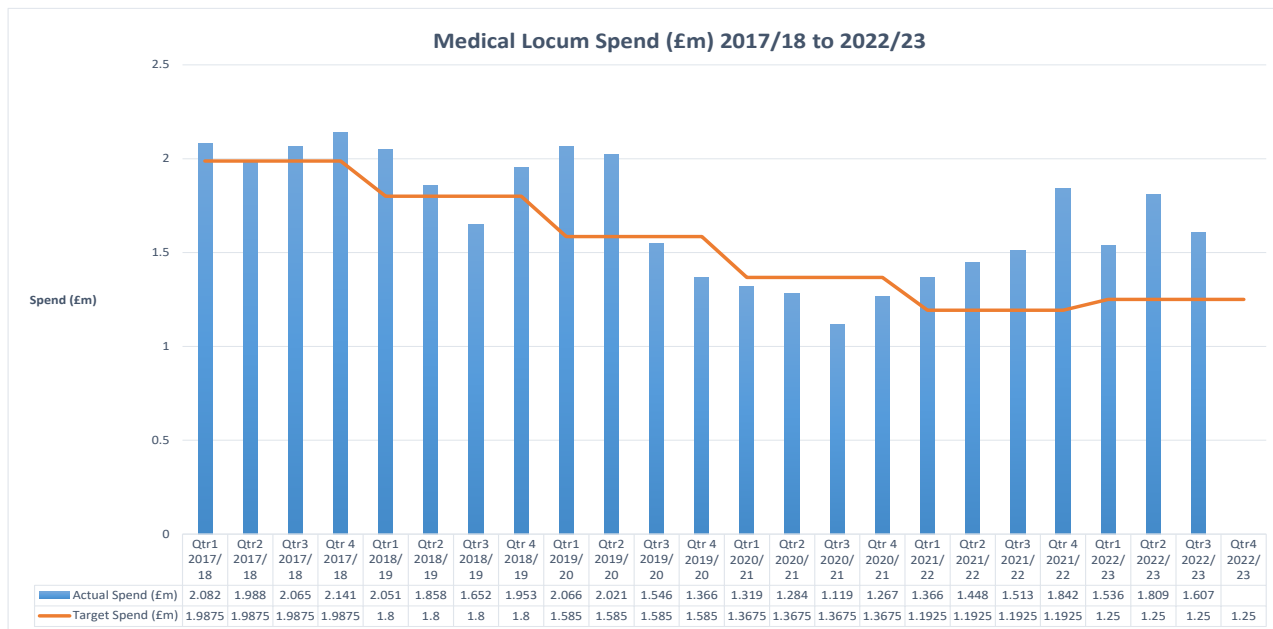


5.5 We used 885 WTE medical staff in February, including locums and agency. This was 3 above establishment which is a reduction from previous months. On average over the year the WTE have been 16 over establishment and this is the part of the reason for the £3.9 million overspend. Agency WTE decreased slightly from 23 to 21 and contracted hours decreased by 6 to 853 WTE.

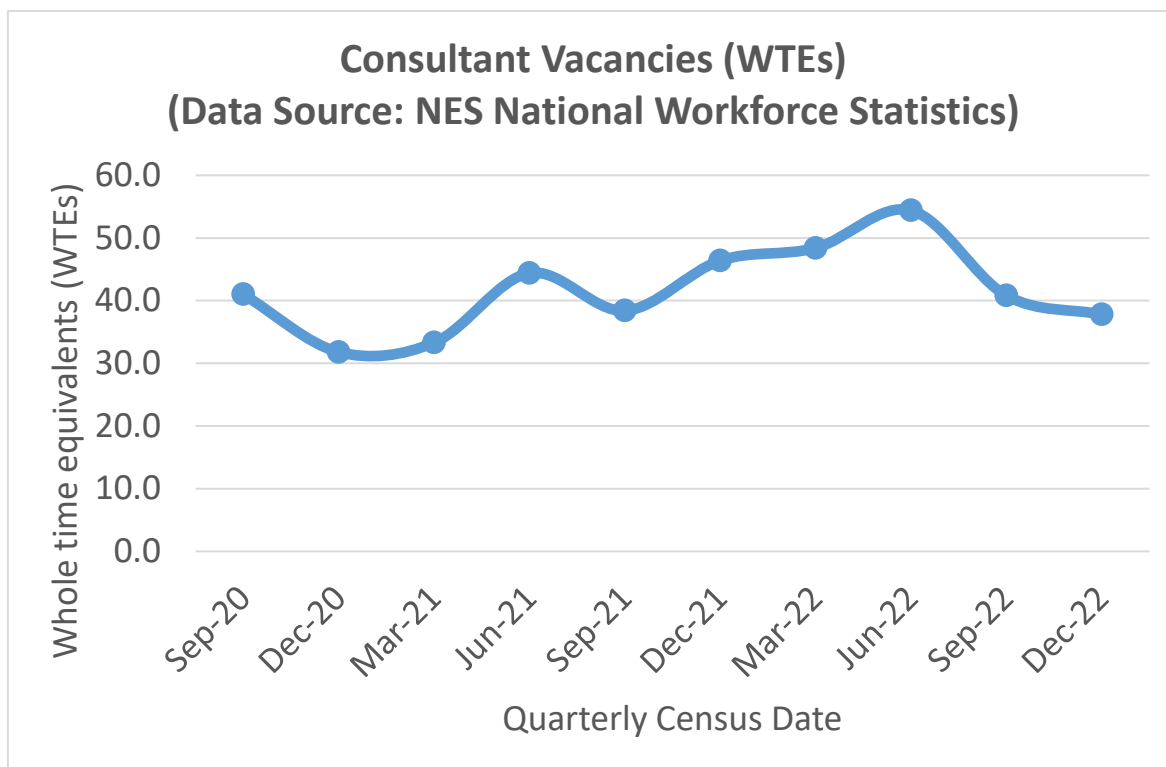
5.6 The graph below shows the trend from March 2022 to February 2023. The high cost of some medical agency staff is a driver for the overspend against the medical staff budget.



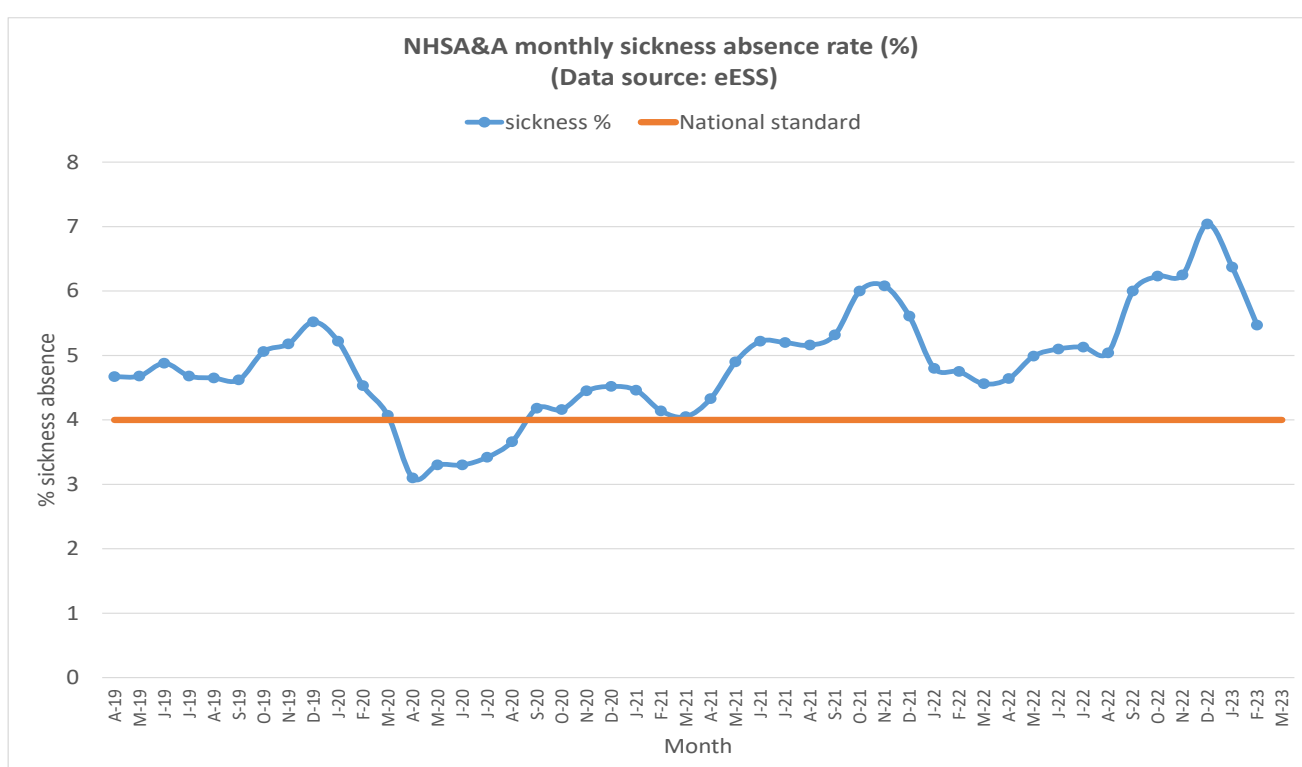
5.7 The graph below shows the trend in medical agency spend from quarter one of 2017/2018 to quarter three of 2022/2023. There is an increasing trend since quarter three of 2020/2021 following three years of reductions. In the last financial year we spent £6.2 million on agency doctors, £1.5 million in quarter one of 2022/2023, £1.8 million in quarter two and £1.6 million in quarter 3, indicating a slight increase in spend from 2022/2023.



5.8 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 December 2022. There has been a reduction in the number of vacancies over the last quarter with numbers now comparable to the position in September 2021.



- 5.9 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.
- 5.10 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 February 2023. There has been a sharp increase in absence in September and October due to covid related absence no longer being excluded and a further sharp increase in December to around 7% (against the 4% national standard). The absence rate has then fallen in both January and February and is now 5.4%.



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 245 delayed discharges in the week commencing the 27 February 2023, will make the bed reductions required to hit our financial target extremely challenging to deliver.
- 6.3 GP Prescribing is known to be volatile in volume and price. Based on nine months data will be £6.6 million over by March 2023. This is mostly as a result of price increases which are continuing and worsening as the year progresses. Board reserves have been used to fund this anticipated increase in spend.

- 6.4 The Board holds a budget of £3.5 million for our share of national clinical negligence settlements in Scotland. It is estimated that our share of settlements will be £3.9 million so additional funding of £0.4 million has been allocated from reserves.
- 6.5 The forecast outturn is a deficit of £24.8 million which is an improvement of £1.6 million on our annual plan of £26.4 million. This has been made possible by the unexpected allocation of £3.6 million of additional non recurring funding for the NMF.

Financial Position for the 11 months to 28 February 2023

	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	292,994	273,221	280,607	(7,387)	107,437	93,216	98,788	(5,572)	400,431	366,437	379,396	(12,959)	(14,509)
East Hscp	58,325	53,109	55,197	(2,088)	139,869	123,540	121,546	1,994	198,194	176,650	176,743	(94)	0
North Hscp	86,756	79,245	82,368	(3,123)	71,840	63,129	64,862	(1,733)	158,595	142,374	147,230	(4,856)	0
South Hscp	33,493	30,226	29,750	476	57,297	49,182	49,099	82	90,790	79,408	78,849	559	0
HSCP underspends owed to IJBs	0	0	(4,734)	4,734	0	0	343	(343)	0	0	(4,391)	4,391	0
New Medicines Fund	0	0	0	0	10,897	9,947	16,670	(6,723)	10,897	9,947	16,670	(6,723)	(7,703)
Other Clinical Services	11,268	10,328	9,596	732	1,425	1,391	1,140	251	12,693	11,719	10,736	983	1,072
Hospital Community and Family Health Services (section 1)	482,835	446,130	452,784	(6,655)	388,765	340,405	352,450	(12,044)	871,601	786,535	805,234	(18,699)	(21,140)
Chief Executive	867	795	733	63	38	34	21	13	905	829	754	76	82
Director Public Health	12,718	11,833	11,484	349	1,282	992	1,001	(9)	13,999	12,826	12,485	340	371
Medical Director	4,079	3,790	4,231	(441)	(2,583)	(2,695)	(3,173)	478	1,496	1,095	1,058	37	41
Nursing Director	7,934	6,918	6,122	796	(335)	(402)	(398)	(4)	7,599	6,516	5,724	792	864
ISS (Operational)	44,985	41,240	39,576	1,664	12,338	10,417	11,741	(1,324)	57,323	51,657	51,316	340	350
ISS (Corporate)	878	812	805	7	48,942	41,553	41,734	(181)	49,819	42,365	42,539	(175)	(200)
Finance	4,655	4,260	4,137	123	(535)	(488)	(599)	112	4,120	3,772	3,538	234	256
ORG and HR Development	5,549	4,968	4,836	131	903	100	161	(60)	6,452	5,068	4,997	71	77
West Of Scotland Region Ce	68	62	93	(31)	(68)	(101)	(132)	31	0	(39)	(39)	0	0
Transformation+sustainability	2,174	1,992	1,815	177	117	81	29	52	2,291	2,073	1,844	229	249
Clinical and Non Clinical Support Services (Section 2)	83,907	76,670	73,833	2,837	60,098	49,492	50,384	(892)	144,005	126,161	124,216	1,945	2,091
Corporate Resource	1,908	(60)	(60)	0	(6,391)	(11,791)	(11,285)	(506)	(4,483)	(11,851)	(11,345)	(506)	(500)
Corporate Reserves	15,501	0	0	0	(1,960)	(4,778)	0	(4,778)	13,541	(4,778)	0	(4,778)	(5,212)
Corporate Resource and Reserves	17,409	(60)	(60)	0	(8,351)	(16,569)	(11,285)	(5,284)	9,058	(16,629)	(11,345)	(5,284)	(5,712)
NHS A&A Total	584,151	522,739	526,557	(3,818)	440,512	373,327	391,548	(18,221)	1,024,663	896,067	918,105	(22,038)	(24,761)
Antcipated COVID Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
NHS A&A Total	584,151	522,739	526,557	(3,818)	440,512	373,327	391,548	(18,221)	1,024,663	896,067	918,105	(22,038)	(24,761)

COVID-19 Expenditure

Category	COVID Funds Issued £000	COVID YTD Budget £000	COVID YTD Expenditure £000
Additional Hospital Bed Capacity/Costs - Maintaining Surge Capacity	11,312	10,839	10,700
Additional staff overtime and enhancements	80	80	154
Additional temporary staff spend - All Other	1,094	1,090	1,135
Medical Staffing	0	0	46
Additional temporary staff spend - Returning Staff	0	0	25
COVID-19 screening and testing for virus	400	311	313
Equipment & Sundries	0	0	3
Deep cleans	625	565	538
Staffing support, including training & staff wellbeing	0	0	4
HR Staff Hub	1	1	1
Additional Temporary Staff - CNO Care Home Additional Responsibilities	823	578	385
Public Health	0	96	88
Covid - Covid Vaccinations	6,320	5,522	5,522
Ph Covid Health Protection	0	182	182
Covid - Mass Testing	112	112	120
*Contact Tracing Costs	1,200	1,255	1,255
Subtotal Health Board	21,967	20,631	20,438
Community Hubs	0	0	0
East HSCP _ Various	50	22	24
East Flu Vaccinations	0	0	(4)
East Hscp Long Covid	358	167	169
North HSCP - Various	1,110	916	805
North Hscp Long Covid	147	147	258
South HSCP - Various	110	86	86
Biggart Beds	545	500	500
South Hscp Long Covid	107	44	44
Subtotal HSCPs	2,427	1,882	1,882
COVID-19 Total	24,394	22,513	22,320
Mh Remobilisation Plan	0	0	0
Redesign of Urgent Care	0	741	741
South Mh Remob Plan	109	78	78
Subtotal Exclusions	109	819	819
YTD in COVID-19 Cost Centres	24,503	23,332	23,139

Confirmed and Anticipated Allocations

Category	Recurring £'000	Earmarked Recurring £'000	Non Recurring £'000	Total £'000
Allocations Received @ M10	806,814	101,772	7,013	915,598
Action 15 - Mental Health Strategy		3,325	0	3,325
Mental Health Outcomes Framework 2022/23		1,109	0	1,109
Primary Care Improvement Fund - Tranche 2		897	0	897
Community Perinatal and Infant Mental Health and Maternity/Neonatal Psychological Interventions		157	0	157
Foundation Training Year funding for NES		(246)	0	(246)
NDC Logistic service charge		(971)	0	(971)
CSO support for NRS Infrastructure - pay uplift		0	15	15
Pay Awards 22-23		0	29,000	29,000
New Medicines Funding - additional funding		0	3,676	3,676
ADP tranche 2 allocation of National Mission		0	2,140	2,140
Dementia Post Diagnostic Support funds to JBs		0	192	192
Pre-Registration Pharmacy Technician Scheme 2022-23		0	177	177
Recruitment of 802 NMAHPs by April 2023		0	166	166
National Boards Out of Hours - Tranche 2		0	116	116
Childhood Obesity - Early Years Project		0	54	54
Community Pharmacy Practitioner Champions		0	21	21
Cardiac Physiology Cohort 1 - 2022-23		0	17	17
Hearing Aids		0	7	7
Shortened Midwifery course backfill - 2022 and 2023		0	3	3
Allocations received in February	0	4,271	35,584	39,855
Total Allocations at February	806,814	106,043	42,597	955,453
Family Health Services - Non Cash Limited	59,299			59,299
Support Staff NRAC £15m		2,214		2,214
Camhs Neurodevelopment		226		226
Camhs Home Intensive		148		148
Camhs Liaison Teams		129		129
Camhs Intensive Units		122		122
Wellbeing In Primary Care		109		109
Camhs Out Of Hours		86		86
Camhs Forensic		52		52
West of Scotland Cancer - Prostate		17		17
Pre-registration Pharmacists		(180)		(180)
Capital Grant Hospice			4,000	4,000
Capital Sacrifice			3,363	3,363
Non Core Del			2,800	2,800
Ame Impairments			2,000	2,000
Depreciation			1,850	1,850
Woodlandview Pfi Depreciation			854	854
Amu Pfi Depreciation			632	632
Test And Protect			400	400
Ame Donated Asset Depreciation			375	375
International Recruitment			326	326
Realistic Medicine			60	60
NSS Risk Share (2)			(40)	(40)
Ame Donations			(350)	(350)
Pet Scan			(671)	(671)
Revenue Sacrifice			(1,473)	(1,473)
Support Staff NRAC £15m			(2,214)	(2,214)
AME Provision			(2,400)	(2,400)
Golden Jubilee			(2,523)	(2,523)
Total Received and Anticipated Allocations	866,113	108,965	49,586	1,024,664

Cash Releasing Efficiency Savings

Plan v Forecast	£000	£000	£000	£000	£000
		M11 YTD	M11 YTD		Forecast Variance
Plan Area (operational)	Annual Plan	Plan	Actual	Variance	@ M12
Renal Beds	600	550	0	(550)	(600)
Frailty Pathway	150	138	0	(138)	(150)
Supplies	75	69	69	0	0
Urology	45	41	0	(41)	(45)
Surgical Beds	280	256	0	(256)	(280)
Radiology	40	37	37	(0)	0
Travel	300	275	0	(275)	(300)
Income from D&G	100	92	0	(92)	(100)
Acute Other	11	3	3	0	0
Acute Prescribing	1,561	1,431	1,494	63	179
Primary Care Prescribing	2,000	1,833	1,647	(186)	(186)
External SLAs	2,000	1,833	1,833	0	0
National Services	350	321	321	0	0
Digital Transformation	200	183	0	(183)	(200)
Energy	69	63	63	0	0
Estate Rationalisation	200	183	183	0	0
Energy Utilisation	200	183	183	0	0
Total	8,180	7,491	5,834	(1,658)	(1,682)