

NHS Ayrshire & Arran



Meeting:	Ayrshire and Arran NHS Board
Meeting date:	Tuesday 23 May 2023
Title:	Financial Management Report for the year ending 31 March 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 was a deficit of £26.4 million. The final position was a deficit of £25.3 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 was £4.2 million less than our 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. Achievement against this was £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
- Appendix No 5, Capital

1. Background

1.1 This report shows the revenue position for the year ended 31 March 2023. This is a £25.3 million deficit.

2. Revenue resource limit and overall financial position

2.1 The total allocations for the year are expected to be £1.03 billion, as shown on Appendix 3. £954 million has been received so far. Of the remaining £77 million Family Health Services accounts for £59 million. The majority of the remaining items are related to depreciation, transfers to and from revenue and a £4 million grant to be passed to Ayrshire Hospice. A further allocation letter will be issued on the 28th April.

2.2 Appendix 3 shows the allocations received in March along with the further allocations anticipated. The main allocation received was £0.9 million for National Treatment Centre (NTC) costs incurred. £2.35 million was removed as planned for activity at the Golden Jubilee National Hospital.

2.3 The Board 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 £18.5 million received is £4.2 million less than costs.

2.4 Detail of COVID-19 spend of £22.2 million is shown on Appendix 2. £11.8 million has been spent on staffing additional bed capacity and £6.0 million on the COVID-19 vaccination programme.

3. Acute Services

3.1.1 The annual budget for Acute Services is £405.7 million. The directorate is overspent by £18.7 million in the year to date. The position deteriorated by £5.7 million in Month 12. A major contributory factor in this was invoices of £1.4 million received in Month 12 from Greater Glasgow and Clyde (GGC) for activity which was outside of the main Service Level Agreement (SLA). Nursing Agency was also exceptionally high at £1.7 million in Month 12. COVID-19 spend, which has been matched to budget in previous months, overspent by £0.6 million.

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	299,736	299,736	309,605	(9,869)	26,685	29,163	(2,478)
Supplies	61,194	61,194	67,368	(6,174)	6,184	7,461	(1,277)
Purchase of Healthcare	78,695	78,695	78,293	402	9,202	10,766	(1,564)
Provision of Healthcare	(29,374)	(29,374)	(29,615)	241	(2,144)	(2,053)	(91)
Operating Income	(1,206)	(1,206)	(1,305)	100	(170)	(155)	(15)
Unallocated Savings	(3,355)	(3,355)	0	(3,355)	(280)	0	(280)
Total	405,690	405,690	424,345	(18,655)	39,478	45,182	(5,704)

3.1.2 Nursing pay budgets are £6.1 million overspent, mainly due to £10.6 million of nursing agency spend. This has steadily risen from an average of £0.6 million per month in Quarter 1 to £1.2 million per month in Quarter 4. The use of agency nurses is largely driven by the additional beds open in our hospitals, and increasingly the requirement for one to one nursing for challenging patients.

- 3.1.3 There were 215 delayed discharges in our hospitals in the week commencing the 27th March. 126 were on the two main acute hospital sites, 52 were in Community Hospitals with a further 37 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	M12 Spend £'000
UHC Covid 3F	3F	Unfunded – Stroke Assessment Unit	1,547
UHC Covid 4E	4E	Unfunded – winter ward	2,203
UHC Covid 5A 18 Beds	5A	Unfunded additional beds	1,007
UHC Ward 5B	5B	Unfunded – winter ward	2,032
UHA Covid Station 1	S1	Unfunded Station 1	2,094
UHA Station 2	S2	Unfunded Station 2 (previously vascular)	1,220
UHA Covid Station 10	S10	Unfunded Station 10 & 11	1,342
		Total	11,445

- 3.1.5 The year to date overspend on medical pay is now £3.8 million. More information on medical staffing is provided in paragraph 5.5.
- 3.1.6 Medicines overspent by £0.8 million in the month and were £3.4 million over for the year. 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 £3.3 million for the year.

3.2 New Medicines Fund

- 3.2.1 Additional funding of £3.7 million was received from Scottish Government (in Month 11) and included in the New Medicines Fund budget (in Month 12) bringing it to £14.6 million. Spend was £19 million resulting in a £4.5 million overspend.

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. The annual budget is £12.9 million. It underspent by £1.3 million in the year due to low spend on out of area activity.

3.4 Health and Social Care Partnerships (HSCPs)

- 3.4.1 The total health budgets for the three HSCPs are now £457.6 million. Together, on a cash basis, they underspent by £10.0 million as shown on Appendix 1. This predominantly reflects underspends on ring-fenced funds provided to progress Scottish Government priorities, including funding for Mental Health Recovery and Renewal, Primary Care Improvement Plans and Alcohol and Drug Partnerships.

The IJBs will work through their own year-end positions and earmark the funds as appropriate within reserves.

- 3.4.2 Primary Care Prescribing is delegated to HSCPs, however under and overspends are owned by the Health Board. In 2022/2023 the Board funded £7.3 million to HSCPs to cover overspends on Primary Care Prescribing. This was due to price increases in the cost of medicines affecting all of Scotland.

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 £57.6 million and ended the year at breakeven.
- 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 £50.5 million and ended the year at breakeven.

3.6 Corporate Services

- 3.6.1 Corporate Services have budgets of £37.6 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 £3.3 million.

3.7 Corporate Resource and Reserves

- 3.7.1 Reserves (budgets not issued to directorates) are £6.0 million overcommitted. This represents the underlying deficit offset by one off benefits during the course of the year.

4. Efficiency and Transformation Programme

- 4.1 The Cash Releasing Efficiency Savings (CRES) programme for 2022/2023 totalled £8.2 million. £6.5 million was achieved. Detail is shown in Appendix 4.

5. Workforce

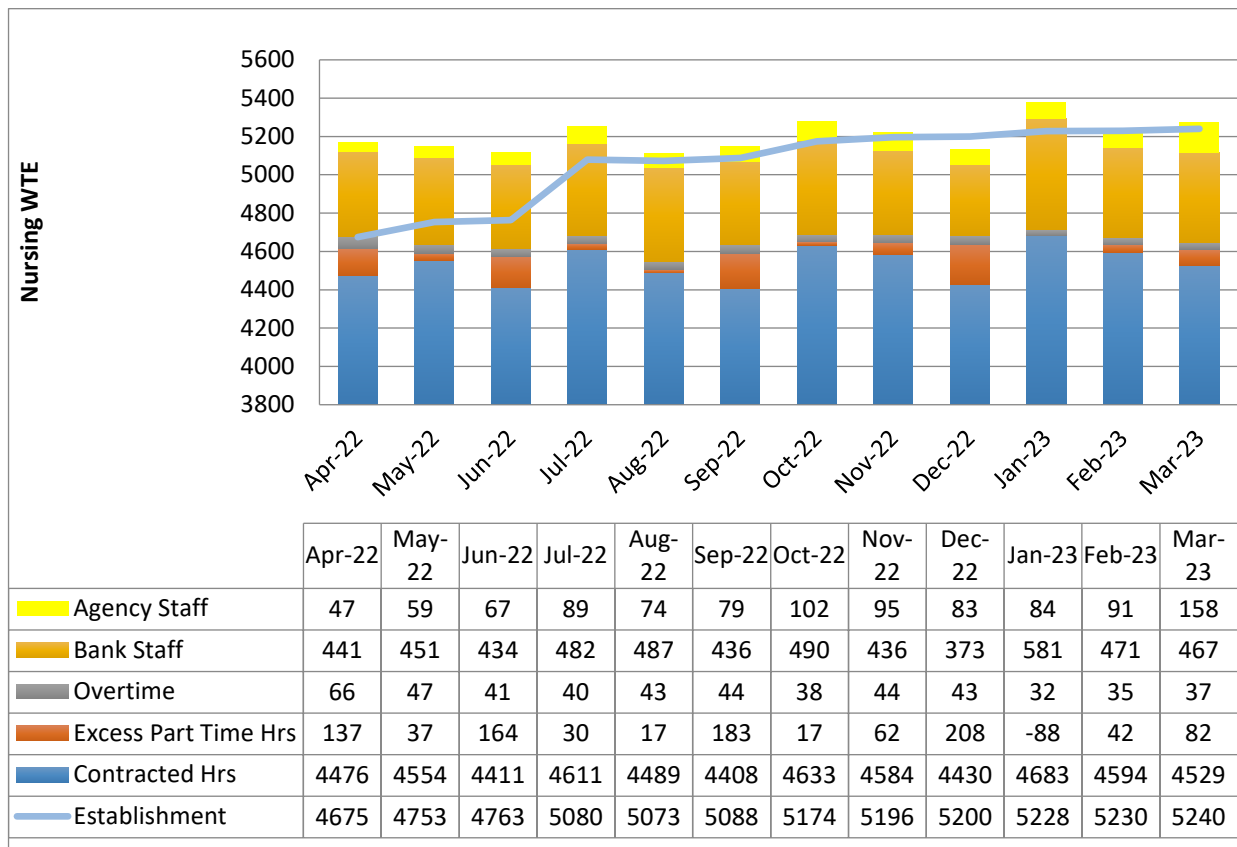
- 5.1 The tables below show the whole time equivalent (WTE) staff used from April 2022 to March 2023. This is then compared this with the average in preceding years. There has been a marked and sustained increase in WTE during and after the COVID-19 pandemic. 129 of these are for the COVID-19 vaccination programme.

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
	WTE	WTE	WTE	WTE	WTE	WTE	WTE	WTE	WTE	WTE	WTE	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	9,506
Excess Part Time Hrs	417	249	403	244	243	427	245	290	459	116	262	318
Overtime	125	91	83	83	88	93	82	92	88	66	67	75
Bank Staff	441	451	434	482	487	436	490	436	373	581	471	467
Agency Staff	74	81	102	186	102	113	123	116	109	107	112	173
Total WTE	10,430	10,338	10,355	10,453	10,355	10,456	10,565	10,493	10,394	10,520	10,489	10,539

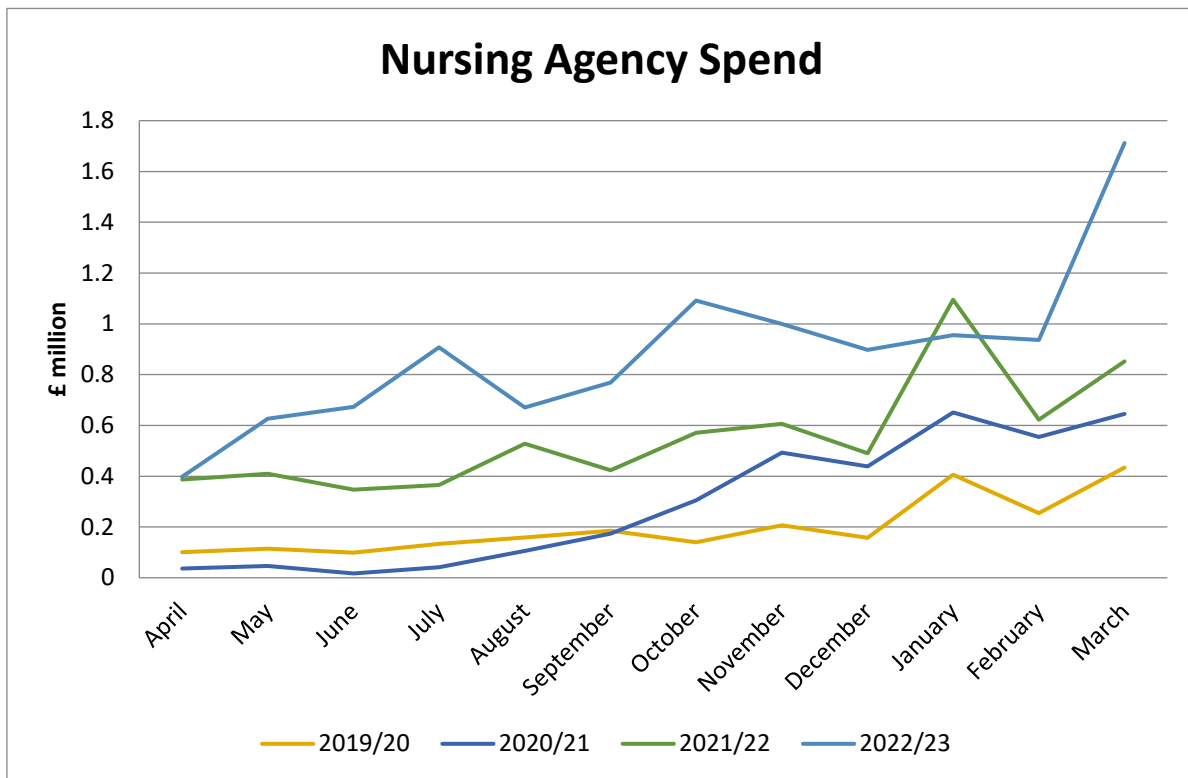
	2022-23 Apr-Mar Average WTE	2021-22 Apr-Mar Average WTE	2020-21 Apr-Mar Average WTE	2019-20 Apr-Mar Average WTE
Contracted Hrs	9,478	9,291	9,034	8,809
Excess Part Time Hrs	306	344	317	285
Overtime	86	106	116	93
Bank Staff	462	406	321	253
Agency Staff	117	82	55	60
Total WTE	10,449	10,230	9,843	9,500

5.2 The trend of increasing staff during the pandemic 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 includes bank staff, overtime, excess part time hours and agency. We were 33 WTE over our nursing establishment in Month 12.

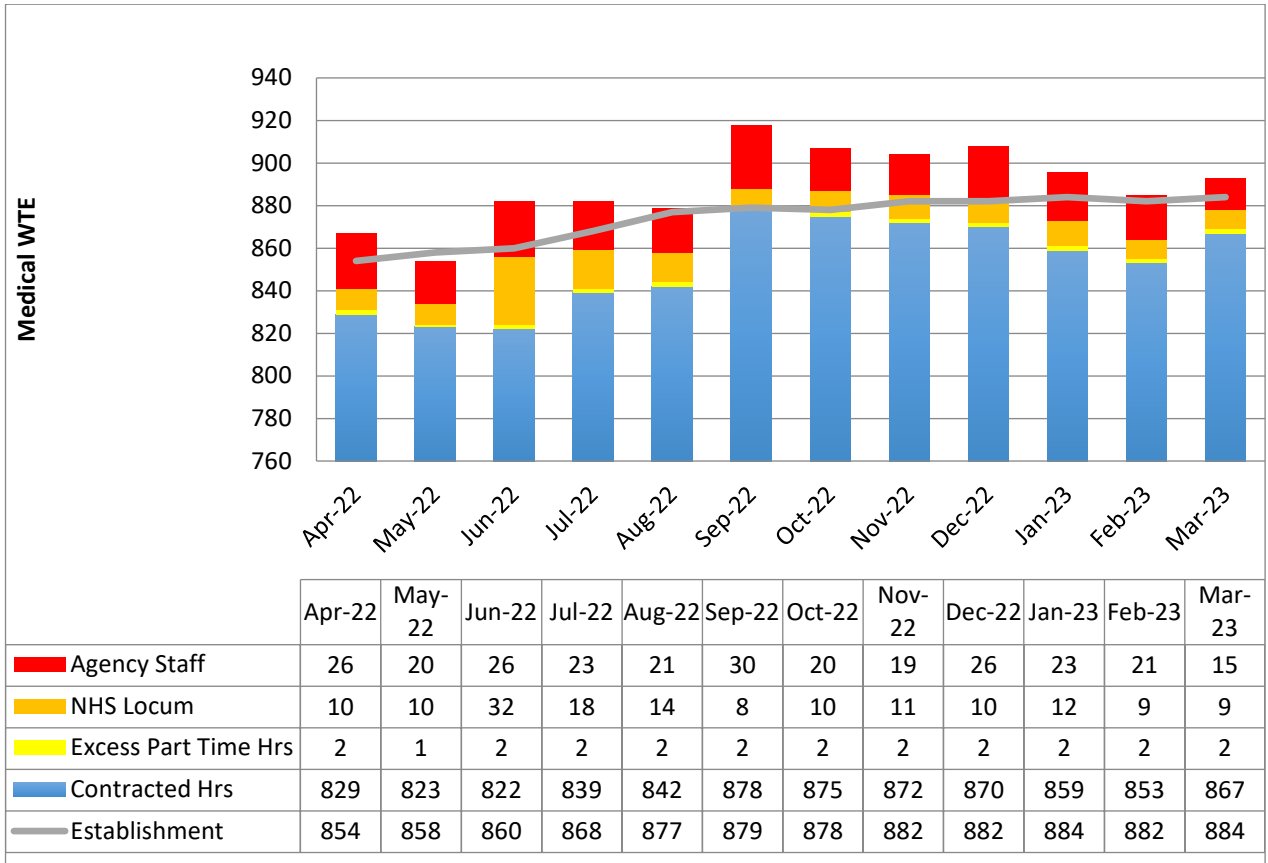


5.4 We spent £1.7 million on agency nursing staff in March, more than double the monthly average of £0.8 million. Spend to date totals £10.6 million which compares with £6.7 million in 2021/2022 and £3.5 million in 2020/2021.

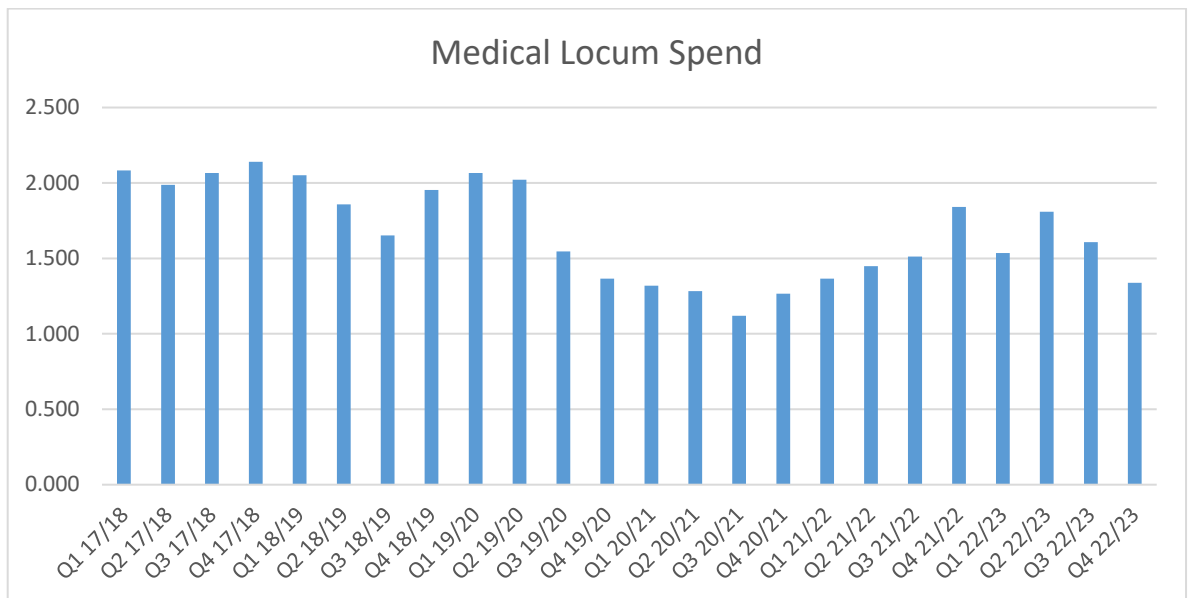


5.5 We used 893 WTE medical staff in March, including locums and agency. This was 9 above establishment. On average over the year the wte have been 16 over establishment and this is the part of the reason for the overspend on medical staffing. Agency WTE decreased from 21 to 15 and contracted hours increased by 14 to 867 WTE.

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



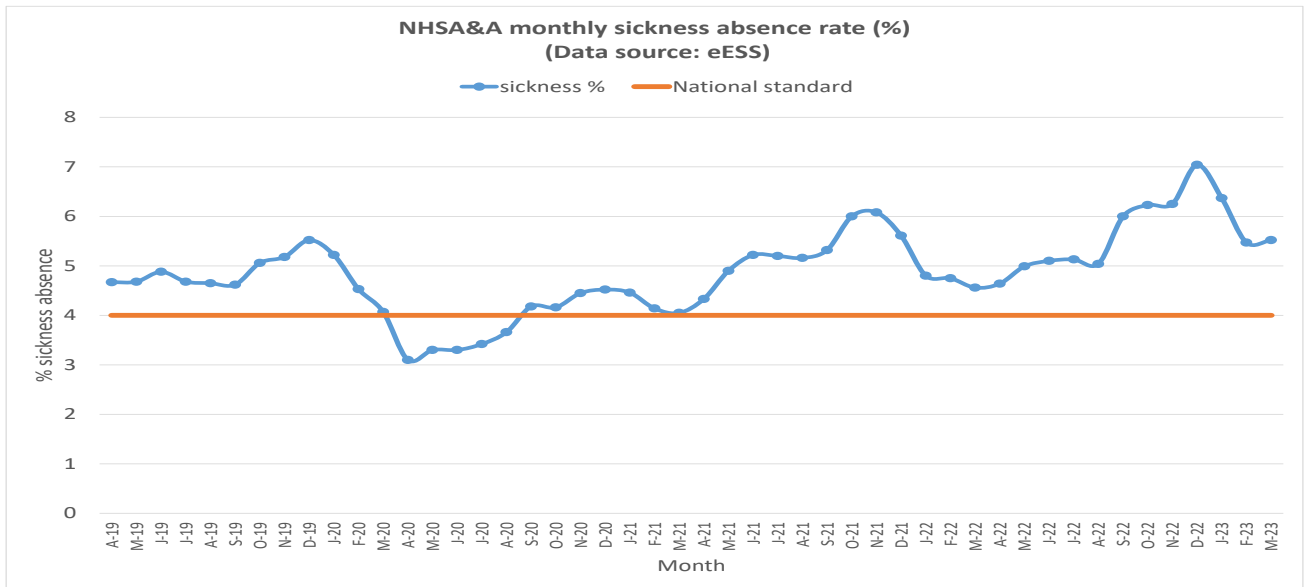
5.7 The graph below shows the trend in medical agency spend from 2017/2018 to 2022/2023. In the last financial year we spent £6.2 million on agency doctors, and this year was similar at £6.3 million.



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 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 the final quarter and is now 5.2%.



6. Risk assessment and mitigation

- 6.1 With regard to 2022/23 the only remaining risks are further unexpected invoices received within the next few days and that material anticipated allocations are not received. The latter is considered extremely unlikely.

7. Capital

- 7.1 Capital expenditure was £29.1 million in line with the Capital Resource Limit. This is shown on Appendix 5. It reflects much lower spend than planned on ITU and the National Treatment Centre. However there were many additional allocations during the year for specific purposes. £1.5 million of slippage on the capital plan was reprioritised to digital infrastructure in February 2023.

Financial Position for the year ended 31 March 2023

	Salaries				Supplies				Total			
	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	299,736	299,736	309,605	(9,869)	105,955	105,955	114,741	(8,786)	405,690	405,690	424,345	(18,655)
East Hscsp	63,074	63,074	60,480	2,594	138,376	138,376	136,858	1,518	201,450	201,450	197,338	4,112
North Hscsp	93,968	93,968	91,442	2,526	69,838	69,838	68,827	1,011	163,806	163,806	160,269	3,537
South Hscsp	33,658	33,658	32,816	842	58,725	58,725	57,228	1,497	92,383	92,383	90,044	2,339
HSCP underspends owed to IJBs	0	0	5,963	(5,963)	0	0	4,025	(4,025)	0	0	9,988	(9,988)
New Medicines Fund	0	0	0	0	14,573	14,573	19,044	(4,470)	14,573	14,573	19,044	(4,470)
Other Clinical Services	11,360	11,360	10,538	822	1,492	1,492	1,072	421	12,852	12,852	11,609	1,243
Hospital Community and Family Health Services (section 1)	501,795	501,795	510,842	(9,047)	388,959	388,959	401,794	(12,835)	890,754	890,754	912,636	(21,882)
Chief Executive	870	870	801	69	38	38	21	17	908	908	823	85
Director Public Health	13,375	13,375	12,399	976	1,283	1,283	1,305	(22)	14,658	14,658	13,704	954
Medical Director	4,098	4,098	4,701	(604)	(2,841)	(2,841)	(4,018)	1,177	1,256	1,256	683	573
Nursing Director	7,888	7,888	6,890	998	(319)	(319)	(332)	12	7,569	7,569	6,559	1,010
ISS (Operational)	45,305	45,305	43,640	1,665	11,877	11,877	13,466	(1,589)	57,182	57,182	57,106	76
ISS (Corporate)	878	878	878	(0)	49,652	49,652	49,686	(34)	50,530	50,530	50,564	(34)
Finance	4,675	4,675	4,553	122	(69)	(69)	(187)	118	4,605	4,605	4,365	240
ORG and HR Development	5,447	5,447	5,322	125	868	868	877	(9)	6,314	6,314	6,199	115
West Of Scotland Region Ce	68	68	102	(35)	(68)	(68)	(102)	35	0	0	0	0
Transformation+sustainability	2,183	2,183	1,995	188	117	117	31	86	2,300	2,300	2,026	274
Clinical and Non Clinical Support Services (Section 2)	84,786	84,786	81,282	3,504	60,538	60,538	60,747	(209)	145,324	145,324	142,029	3,295
Corporate Resource	(20)	(20)	(14)	(6)	733	733	1,459	(726)	713	713	1,445	(732)
Corporate Reserves	4,161	4,161	0	4,161	(10,178)	(10,178)	0	(10,178)	(6,017)	(6,017)	0	(6,017)
Corporate Resource and Reserves	4,141	4,141	(14)	4,155	(9,445)	(9,445)	1,459	(10,904)	(5,304)	(5,304)	1,445	(6,749)
NHS A&A Total	590,722	590,722	592,110	(1,388)	440,051	440,051	464,000	(23,949)	1,030,774	1,030,774	1,056,111	(25,337)

COVID-19 Expenditure

Category	COVID Expenditure £000
Additional Hospital Bed Capacity/Costs - Maintaining Surge Capacity	11,849
Additional staff overtime and enhancements	162
Additional temporary staff spend - All Other	1,170
Medical Staffing	47
Additional temporary staff spend - Returning Staff	25
COVID-19 screening and testing for virus	333
Equipment & Sundries	3
Deep cleans	597
Staffing support, including training & staff wellbeing	4
HR Staff Hub	(3)
Additional Temporary Staff - CNO Care Home Additional Responsibilities	422
Public Health	93
Covid - Covid Vaccinations	5,999
Ph Covid Health Protection	199
Covid - Mass Testing	116
*Contact Tracing Costs	1,264
Subtotal Health Board	22,247
Community Hubs	0
East HSCP _ Various	25
East Flu Vaccinations	(4)
East Hscp Long Covid	169
North HSCP - Various	864
North Hscp Long Covid	258
South HSCP - Various	93
Biggart Beds	545
South Hscp Long Covid	44
Subtotal HSCPs	1,994
COVID-19 Total	24,241
Mh Remobilisation Plan	0
Redesign of Urgent Care	1,167
South Mh Remob Plan	84
Subtotal Exclusions	1,251
YTD in COVID-19 Cost Centres	25,492

Confirmed and Anticipated Allocations

Category	Recurring £'000	Earmarked Recurring £'000	Non Recurring £'000	Total £'000
Allocations Received @ M11	806,814	106,043	42,597	955,454
Learning Disability Health Checks		146		146
NTC Programme			908	908
Test And Protect Spend Tranche 2			252	252
Young Patients Family Fund			15	15
Rev Hd336 Learning Disability Health Checks			(73)	(73)
Positron Emission Tomography Scans			(686)	(686)
Gjnh - Top Slice Sla Adjustment			(2,350)	(2,350)
Holmhead Medical Practice			177	177
Allocations received in March	0	146	(1,758)	(1,611)
Total Allocations at M12	806,814	106,189	40,840	953,842
Fhs Ncl	59,299			59,299
Ncl Fhs	(456)			(456)
Wellbeing In Primary Care		109		109
Woscan Prostate		17		17
Capital Grant Hospice			4,000	4,000
Capital Sacrifice			3,875	3,875
Ame Provision			2,872	2,872
Non Core Del			2,800	2,800
Ame Impairments			2,287	2,287
Depreciation			1,850	1,850
Rou Asset Depreciation			1,613	1,613
Sg Funded Ppe/pandemic Stock			924	924
Woodlandview Pfi Depreciation			829	829
Amu Pfi Depreciation			632	632
Ame Donated Asset Depreciation			375	375
Specialty Doctor Role			220	220
Peppercorn Lease Depreciation			146	146
Test 1			(0)	(0)
Nss Risk Share (2)			(40)	(40)
Gp Loans			(79)	(79)
Donated Assets Additions			(81)	(81)
Inequalities In Screening (hd91)			(93)	(93)
Fnp Underspend Return			(201)	(201)
Rou Property Lease Depreciation			(1,613)	(1,613)
Revenue Sacrifice			(2,354)	(2,354)
Total Resource	865,657	106,315	58,802	1,030,774

Cash Releasing Efficiency Savings

Plan v Forecast	£000	£000	£000	£000
Plan Area (operational)	Annual Plan	M12 YTD Plan	M12 YTD Actual	Variance
Renal Beds	600	600	0	(600)
Frailty Pathway	150	150	0	(150)
Supplies	75	75	75	0
Urology	45	45	0	(45)
Surgical Beds	280	280	0	(280)
Radiology	40	40	40	(0)
Travel	300	300	0	(300)
Income from D&G	100	100	0	(100)
Acute Other	11	3	3	0
Acute Prescribing	1,561	1,561	1,741	180
Primary Care Prescribing	2,000	2,000	1,814	(186)
External SLAs	2,000	2,000	2,000	0
National Services	350	350	350	0
Digital Transformation	200	200	0	(200)
Energy	69	69	69	0
Estate Rationalisation	200	200	200	0
Energy Utilisation	200	200	200	0
Total	8,180	8,172	6,492	(1,680)

	Original Capital Plan £000's	Current Capital Allocations £000's
<u>Capital allocation</u>		
Core Capital Allocation	8,720	8,720
SGHSCD Capital Contribution to Whole System Estate Plan	1,600	0
Caring for Ayrshire	2,411	2,963
SG Contribution to FCAMHS Fees	9,700	7,300
National Treatment Centre	12,000	2,500
Student Accom from 21/22	0	250
SG contribution to Wellbeing HUBS	0	600
SG MRI Funding	0	1,500
EV Infrastructure 21/22	0	402
TS EV Funding	0	497
SG Backlog Maintenance Funding	0	1,442
SG National Infrastructure Equipment	0	931
NSS Cochlear Monies	0	28
Robotic Surgery	0	2,196
Orthopaedic Trauma Table for Theatres	0	125
Digital 22.23	0	1,200
Rev to Cap Transfer	0	2,380
Cap to Rev Transfer	0	(3,901)
Total Approved Capital Allocation	34,431	29,132
Capital Spend as at 31 March 2023	Spend M12	
	£000	
Digital infrastructure and systems	5,327	
Electromedical equipment (including two MRIs and one robot)	6,352	
National Secure Adolescent Unit	7,288	
Endoscopy Decontamination and discharge lounge, Ayr	732	
National Treatment Centre, Carrick Glen	2,085	
Wellbeing suites	1,488	
Intensive Care Unit	419	
CDU disinfectant	822	
Value Adding from Estates Formula Revenue	1,338	
Endoscopy Fourth Room, Ayr	873	
Electric Vehicle Infrastructure	596	
Student Accommodation	675	
Orthopaedic Theatre Instrumentation	277	
Aggregate schemes under £200,000	859	
Total	29,132	