

NHS Ayrshire & Arran



Meeting:	Ayrshire and Arran NHS Board
Meeting date:	Monday 14 August 2023
Title:	Financial Management Report for three months to 30 June 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 Health Board set a deficit budget of £56.4 million for the 2023/2024 financial year on 28 March 2023. A letter on 31 March 2023 from the Scottish Government Director of Health, Finance and Governance requested the Board revisit our financial plan and a letter on 14 June notified higher assumed income for new medicines and £5.6 million of NRAC parity and sustainability funding. A further letter of 6 July notified funding to support workforce commitments and pay awards. The updated financial plan targets a deficit for 2023/2024 of £46.4 million which has a number of risks attached.

2.2 Background

The budget for 2023/2024 was approved at the Board meeting on 28 March 2023 and set out £53 million of recurring cost pressures.

2.3 Assessment

An excess of cost pressures over the funding uplift and achievable cash efficiency savings has caused a deterioration in the planned annual deficit from last year. The acute overspend against budget is largely driven by excess unfunded beds being open and high use of agency nurses and doctors.

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 3. This totals £9.6 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, Confirmed and anticipated allocations

Appendix No 3, Cash releasing efficiency savings

Appendix No 4, Capital

1. Background

- 1.1 This report shows the revenue position at June 2023. This is a £14.08 million deficit. This is in line with the approved revenue plan by the Board, but improvement on this is required by the Scottish Government.

2. Revenue Resource Limit and Overall Financial Position

- 2.1 The total allocations for the year are currently anticipated to be £1.09 billion, as detailed on Appendix 2. £891 million has been received in the first allocation which includes the initial baseline funding of £850.2 million, Sustainability Funding of £5.6 million, £17.1 million for Residual Pay Award Uplift, £5.6 million for the one-off pay award and £7.3 million for New Medicines Fund.
- 2.2 Of the remaining £197 million anticipated allocations, Family Health Services accounts for £58.8 million, Primary Medical Services £65.8 million, Primary Care Improvement Fund £11.5 million, New Medicines Fund £10.9 million and Planned Care £7.5 million.
- 2.3 The Board set a deficit budget of £56.4 million for 2023/2024. The Board is £14.07 million overspent after three months which is in line with the original financial plan.

3. Acute Services

- 3.1.1 The annual budget for Acute Services is £409.9 million. The directorate has overspent by £6.8 million in the year to date. £3.05 million is on unfunded beds, (please see section 3.1.6 below).

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	294,523	76,446	81,942	(5,496)	24,877	26,410	(1,532)
Supplies	66,573	16,399	17,363	(963)	5,247	5,488	(241)
Purchase of Healthcare	81,224	21,527	21,389	138	8,450	8,703	(252)
Provision of Healthcare	(28,925)	(6,100)	(6,103)	2	(1,191)	(1,206)	14
Operating Income	(1,014)	(153)	(244)	91	(38)	(95)	57
Unallocated Savings	(2,447)	(612)	0	(612)	(204)	0	(204)
Total	409,935	107,507	114,347	(6,840)	37,141	39,299	(2,159)

- 3.1.2 Pay is £5.5 million overspent. Nursing pay was £3.4 million overspent whilst medical pay was £1.8 million over.
- 3.1.3 Non Pay was £1.0 million overspent with £0.4 million over on taxis, private ambulances etc., £0.3 million on prescribing and £0.3 million on equipment.
- 3.1.4 Unallocated savings are £2.4 million and will contribute £0.2 million adverse variance each month until a solution is found.
- 3.1.5 There were 236 delayed discharges in our hospitals in the week commencing the 26th June. 124 were on the two main acute hospital sites, 72 were in Community Hospitals with a further 40 in Mental Health facilities.

3.1.6 Ward 5B at UHC closed on the 10th of June and Station 10 at UHA closed on the 26th April. Station 1 and Station 2 at UHA along with 5A, 4E and 3F at UHC remain open without funding. Agency nurse spend in the first three months of the year was £181,129 for ward 4E, £131,456 for ward 3F, £108,161 for Ward 5A and £89,800 for ward 5B.

M3 Spend on unfunded wards					
		M1	M2	M3	Total
		£000	£000	£000	£000
UHA	Station 1	261	79	163	503
UHA	Station 2	138	177	109	424
UHA	Station 10	97	6	-	103
UHC	5a	227	223	180	630
UHC	5b	160	184	97	441
UHC	4e	167	258	216	641
UHC	3F	110	78	121	309
Total		1,160	1,005	886	3,051

3.2 New Medicines Fund

3.2.1 The New Medicines Fund Budget is £18.2 million representing the confirmed funding for 2023/24. It is expected to spend £21 million full year, with a year to date overspend of £0.4 million.

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 £13.2 million and has a underspend of £0.2 million.

3.4 Health and Social Care Partnerships (HSCPs)

3.4.1 The total health budgets for the three HSCPs are now £501.7 million.

3.4.2 Appendix 1 shows no net under or overspend against the three HSCPs (now bottom of section of Appendix 1) as these belong to Integration Joint Boards rather than the Health Board.

3.5 Infrastructure Support Services

3.5.1 Operational Infrastructure and Support Services includes estates, hotel services and digital services. Infrastructure and Support Services budgets are separated between those which are operational service provision and those which are corporate in nature such as capital charges, energy and PFI costs. They have an aggregate annual budget of £110 million. Operational ISS services are overspent by £0.23 million after three months whilst Corporate ISS services were over by £0.20 million.

3.6 Corporate Services

3.6.1 Corporate Services have budgets of £38.9 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. These areas generally have underspends, which in aggregate total £0.8 million.

3.7 Corporate Resource and Reserves

3.7.1 Reserves (budgets and deficits not issued to directorates) are £7.4 million overcommitted after three months. This is due to the underlying deficit which increased by £25.3 million after the 2023/2024 budget setting process but is offset by funding held in reserves to return to the Scottish Government (£6 million for medicine tariff, £3 million for NSS risk share) or funding to be issued to directorates.

4. Efficiency and Transformation Programme

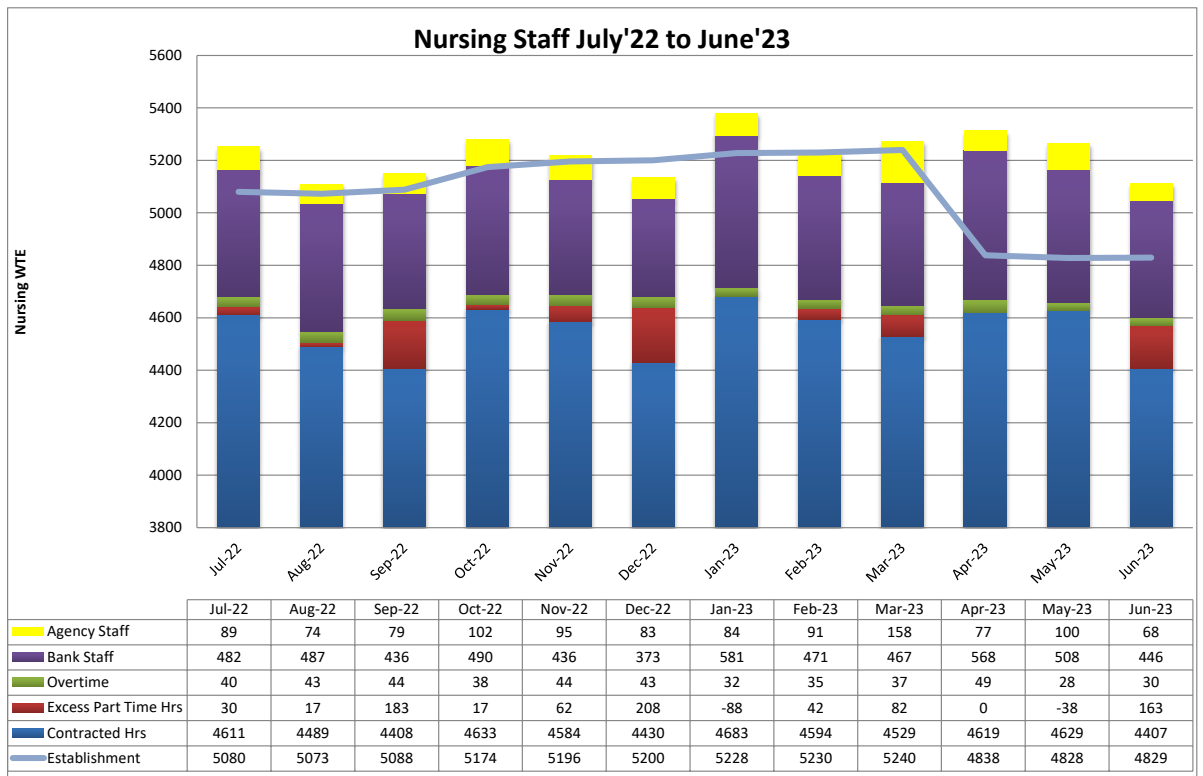
4.1 The Cash Releasing Efficiency Savings (CRES) programme for 2023/2024 totals £9.6 million. There is considerable delivery risk in some areas however this is monitored monthly. See Appendix 3 for the programmes included.

5. Workforce

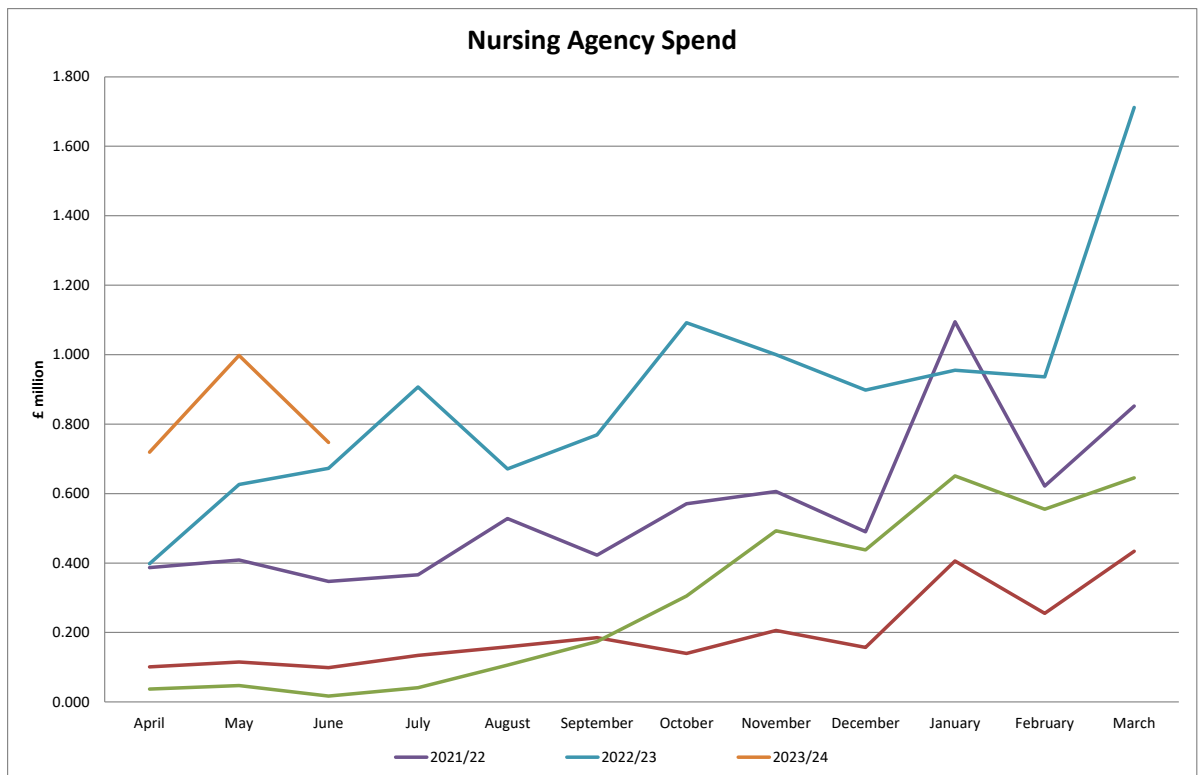
5.1 The table below shows the whole time equivalent (WTE) staff used in April, May and June 2023. It then compares this with the average in preceding years. There was been a marked and sustained increase in WTE during the COVID-19 pandemic which peaked in April 2023 and has started to reduce in May and June.

	Apr-23	May-23	Jun-23	2022-23	2021-22	2020-21	2019-20
	WTE	WTE	WTE	Apr-Mar Average WTE	Apr-Mar Average WTE	Apr-Mar Average WTE	Apr-Mar Average WTE
Contracted Hrs	9,611	9,633	9,389	9,478	9,291	9,034	8,809
Excess Part Time Hrs	260	155	386	306	344	317	285
Overtime	92	59	60	86	106	116	93
Bank Staff	568	508	446	462	406	321	253
Agency Staff	95	122	90	117	82	55	60
Total WTE	10,626	10,477	10,371	10,449	10,230	9,843	9,500

5.2 The graph below shows the trend for nursing staff. This includes bank staff, overtime, excess part time hours and agency. We were 285 WTE over our nursing establishment in Month 3. The establishment in 2022/23 included 366 WTE for unfunded wards. There is no budget and therefore no funded establishment for these wards in 2023/24.

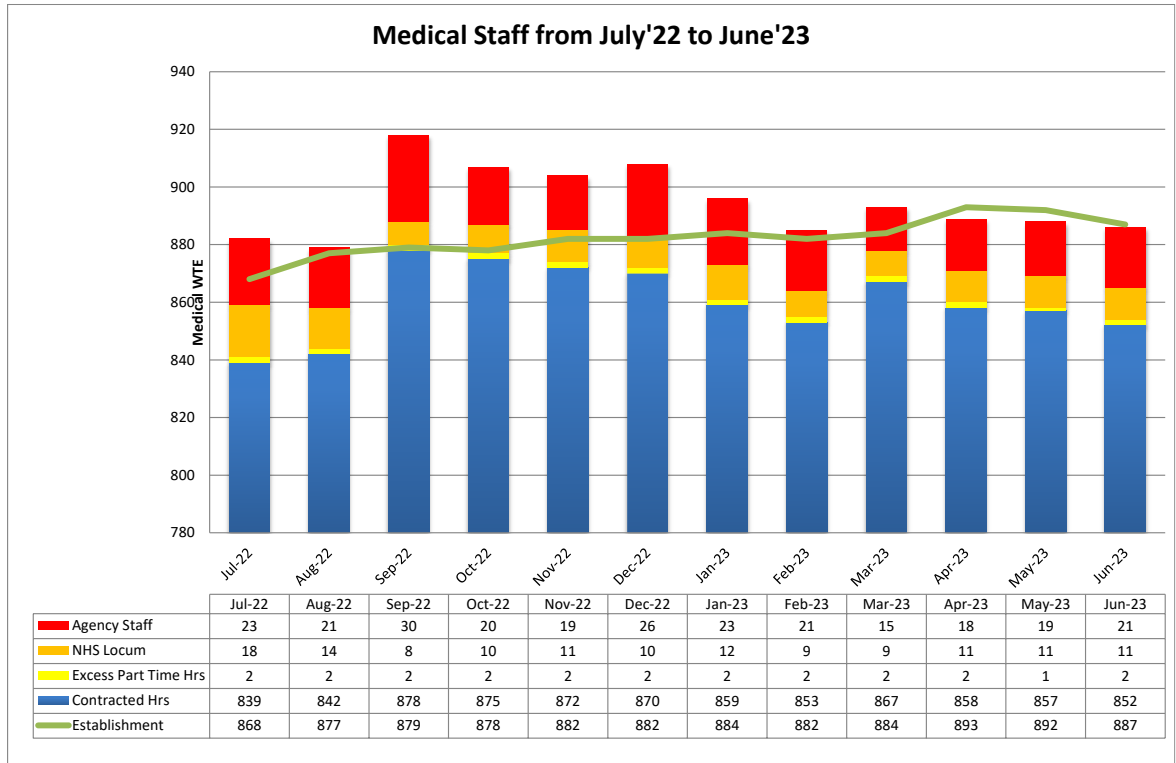


5.3 Nursing agency spend in June reduced to £0.8 million as non-framework providers (who charge higher commission) were not used in favour of framework providers. Further reduction in volume of nursing agency shifts is being addressed through the closure of unfunded wards and filling of vacant registered nurse posts on a substantive basis.

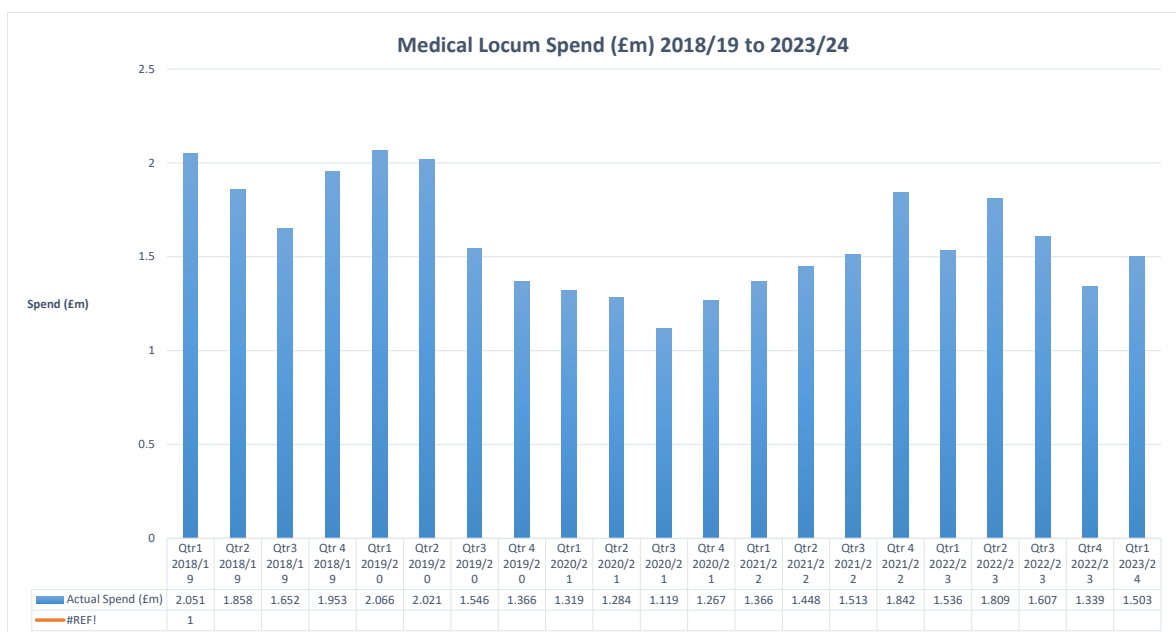


5.4 We used 886 WTE medical staff in June, including locums and agency. This was one below establishment.

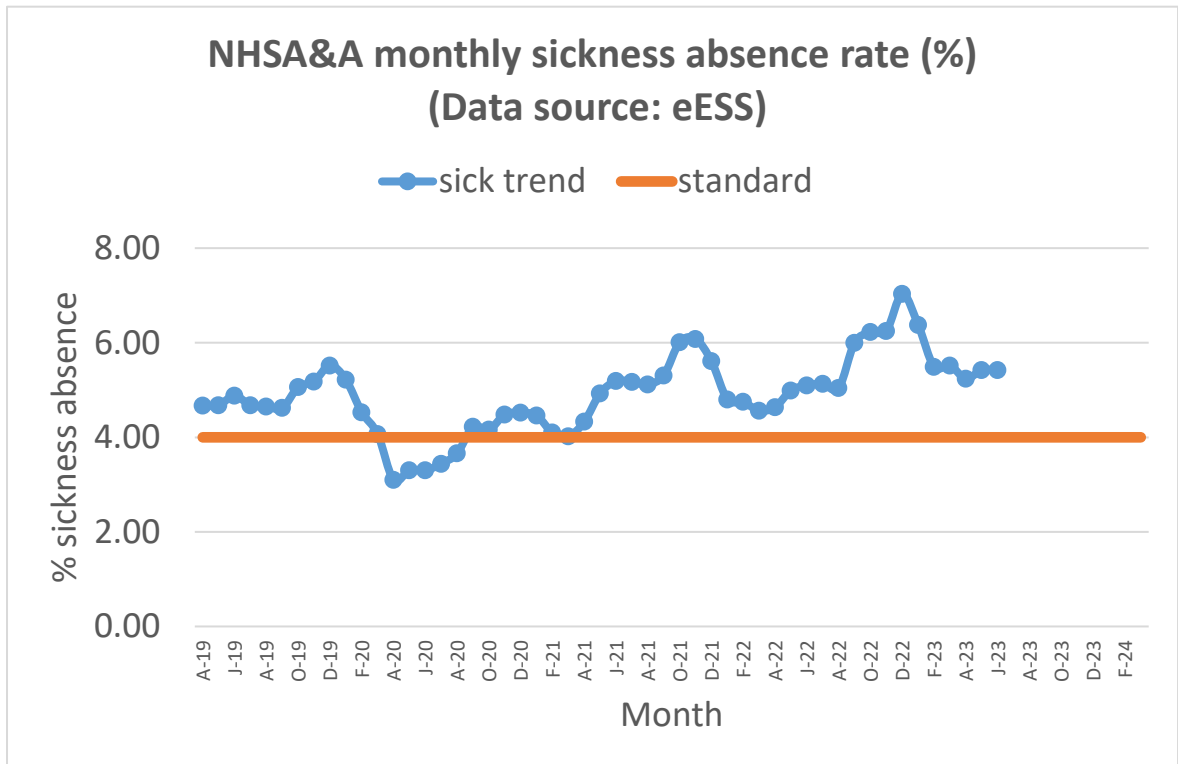
5.5 The graph below shows the trend from July 2022 to June 2023. The high cost of some medical agency staff is a driver for an overspend against the medical staff budget. Medical agency spend was £0.6 million in June.



5.6 The graph below shows the trend in medical agency spend from quarter one of 2018/2019 to quarter one of 2023/24. Spend over the last three years has been quite consistent, with an average spend of £1.55 million per quarter and the first quarter spend this year is line with previous years.



5.7 Driven by the Board’s People Strategy, the Health, Safety and 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 June 2023.



6. Risk assessment and mitigation

- 6.1 The Board set a deficit plan of £56.4 million, however a target to reduce this by £10 million has a number of risks.
- 6.2 Operational overspends within acute are £6.8 million after 3 months which require to reduce through the closure of unfunded beds and reduced use of agency staff. Rising delayed discharges in South Ayrshire makes closures difficult.
- 6.3 No information is available on GP Prescribing for 2023/24 at the time of writing, however price increases are not within Board control and could result in an overspend.
- 6.4 No COVID-19 funding is available to pay for additional beds in 2023/24. Cost avoidance by closing these is essential to achieve the financial plan.
- 6.5 3% operational CRES is likely to prove challenging for many areas.

7. Capital

- 7.1 Capital spend in the first three months was £3.02 million.

Financial Position for June 2023

	Salaries				Supplies				Total			
	Annual Budget £000	Year to Date			Annual Budget £000	Year to Date			Annual Budget £000	Year to Date		
		Budget £000	Expenditure £000	Variance £000		Budget £000	Expenditure £000	Variance £000		Budget £000	Expenditure £000	Variance £000
Acute	294,523	76,446	81,942	(5,496)	115,412	31,061	32,405	(1,344)	409,935	107,507	114,347	(6,840)
New Medicines Fund				0	18,204	4,551	4,939	(388)	18,204	4,551	4,939	(388)
Other Clinical Services	11,673	3,028	3,021	7	1,494	396	230	166	13,167	3,423	3,251	172
Acute and Clinical Services	306,196	79,474	84,963	(5,489)	135,110	36,007	37,573	(1,566)	441,306	115,481	122,537	(7,055)
ISS (Operational)	48,254	12,459	12,404	55	11,469	2,209	2,512	(304)	59,723	14,668	14,917	(249)
ISS (Corporate)	73	19	19	0	50,332	11,252	11,433	(180)	50,405	11,271	11,452	(180)
Chief Executive	1,008	291	282	8	(7)	(2)	1	(3)	1,001	289	284	5
Director Public Health	12,533	3,302	2,671	631	2,686	163	129	34	15,219	3,465	2,800	665
Medical Director	4,420	1,129	1,287	(158)	(2,977)	162	15	147	1,442	1,291	1,302	(11)
Nursing Director	8,677	2,223	2,006	217	(363)	49	59	(10)	8,314	2,272	2,065	207
Finance	4,937	1,265	1,310	(45)	(618)	(114)	(169)	54	4,319	1,151	1,141	10
ORG and HR Development	5,791	1,499	1,498	1	446	(123)	(38)	(85)	6,237	1,376	1,459	(84)
West Of Scotland Region Ce	30	5	5	0	(30)	(30)	(30)	0	0	(25)	(25)	0
Transformation+sustainability	2,279	596	582	13	57	7	7	(0)	2,336	603	590	13
Non Clinical Support Services	88,002	22,787	22,065	722	60,994	13,575	13,920	(346)	148,996	36,362	35,985	377
Corporate Resource	0	0	17	(17)	6,437	(188)	(195)	7	6,437	(188)	(178)	(10)
Corporate Reserves	3,232	0	0	0	(13,900)	(7,392)	0	(7,392)	(10,668)	(7,392)	0	(7,392)
Corporate Resource and Reserves	3,232	0	17	(17)	(7,463)	(7,580)	(195)	(7,385)	(4,231)	(7,580)	(178)	(7,402)
NHS A&A Health Board Total	397,430	102,261	107,045	(4,784)	188,642	42,002	51,299	(9,297)	586,072	144,263	158,343	(14,081)
East Hscp	63,411	16,392	16,994	(601)	151,820	36,788	35,748	1,040	215,231	53,181	52,742	439
North Hscp	92,398	24,977	25,453	(476)	87,497	19,965	20,143	(178)	179,895	44,943	45,596	(653)
South Hscp	38,248	9,896	9,480	416	68,366	16,198	16,383	(186)	106,614	26,093	25,863	230
HSCP underspends owed to IJBs	0	0	(661)	661	0	0	677	(677)	0	0	16	(16)
NHS A&A Total inc HSCPs	591,487	153,526	158,310	(4,784)	496,325	114,953	124,249	(9,297)	1,087,812	268,479	282,559	(14,081)

Confirmed and Anticipated Allocations Month 3				
Category	Recurring	Earmarked	Non	Total
	£'000	£'000	£'000	£'000
Allocations Received @ M2	0	0	0	0
Recurring Base	850,208			850,208
Residual Baseline Pay Award Uplift	17,081			17,081
Sustainability Funding	5,629			5,629
Funding for Band 2 to 4s	2,565			2,565
2022-23 Baselined Allocations	692			692
Public Health Teams	460			460
Long Covid Support Fund		131		131
New Medicines Fund			7,306	7,306
Pay Award - One-off Payment			5,579	5,579
Diabetes and Prevention Weight Management			440	440
Primary Care Out Of Hours Allocation 1			257	257
OU Students Backfill Q3 & Q4			173	173
Childrens' Weight Management			141	141
Realistic Medicine Network			135	135
Health and Care Staffing Act			86	86
Breastfeeding Project			76	76
Multiple Projects including ADA STRA			20	20
Child Death Review Administration			12	12
Cervical Exclusion Audit for GP practices			6	6
Allocation Received Month 3	876,635	131	14,231	890,997
Anticipated Allocations				
FHS Non Cash Limited	58,843			58,843
Primary Medical Services		65,820		65,820
Primary Care Improvement Fund		12,395		12,395
New Medicines Fund		10,897		10,897
Planned Care		7,525		7,525
Outcomes Framework		4,748		4,748
CAMHS Action 15		3,325		3,325
Mental Health R&R Fund CAMHS		2,393		2,393
Multidisciplinary Teams		2,274		2,274
GDS Public Dental Service		2,038		2,038
Family Nurse Partnership		1,682		1,682
CAMHS Improvement		1,309		1,309
Mental Health Outcomes Framework		1,109		1,109
MH Strategy Action 15 Workforce		879		879
PFG Commitment		736		736
Scottish Trauma Network		1,026		1,026
National Cancer Recovery Plan		705		705
CSO Nursing Infrastructure		643		643
Psychological Therapies		571		571
Perinatal and Infant Mental Health Services		431		431

Category	Recurring £'000	Earmarked Recurring £'000	Non Recurring £'000	Total £'000
Allocations Received @ M2	0	0	0	0
Emergency Covid Funding for Eating Disorders		328		328
Maternity and Neonatal Psychological Intervention		162		162
Community Perinatal Mental Health		157		157
Learning Disability Health Checks		146		146
Mental Health Pharmacy Recruitment		117		117
WOSCAN- Additional SACT and Acute Oncology		97		97
Single Point of Contact		34		34
Discovery		(40)		(40)
PASS Contract		(42)		(42)
Foundation Training Year One		(246)		(246)
HPV Topslice		(281)		(281)
Global Sum		(342)		(342)
Child Hospice		(515)		(515)
PET Scan		(686)		(686)
NDC Logistic Service Charges		(971)		(971)
Vaccinations			5,854	5,854
Unitary Charge			4,328	4,328
Unscheduled Care Monies			2,155	2,155
23/24 Additional Depreciation			2,037	2,037
22/23 Additional Depreciation			1,750	1,750
Quarriers			1,715	1,715
Hollybush Combat Stress 23/24			1,424	1,424
Digital Strategy Fund			1,332	1,332
Capital Sacrifice			1,045	1,045
Care Home			1,023	1,023
District Nurse			701	701
Digital IPAC			591	591
Enhanced Health Protection			405	405
Dementia Post Diagnostic Support			258	258
International Recruitment			216	216
Clinical Frailty Assistant (cfa)			212	212
Fairer Scotland 2023-24			120	120
Primary Care Out Of Hours 23-24			110	110
Mental Health Support For Those Hospitalised With Covid 19			103	103
Mental Health After Covid			102	102
EIC			94	94
Cervical Audit			93	93
Sexual Assault Referral Centre (sarc)			90	90
Health Staffing Act			74	74
CQI			65	65
National Services			(850)	(850)
NSS Risk Share			(3,071)	(3,071)
Drug Tariff Reduction (hd200)			(5,974)	(5,974)
2023/24 Anticipated AME			2,000	2,000
Woodland View Depreciation			921	921
Ayrshire Maternity Unit Depreciation			621	621
Total Received and Antcipated Allocations	935,478	118,555	33,778	1,087,812

Cash Releasing Efficiency Savings

Plan v Forecast	£000	£000
	Annual	Forecast
Plan Area (operational)	Plan	Variance
		@ M12
Ward 5a/SAU 4c	630	277
Renal 2D/2F	600	(600)
Return on Digital Investment	0	0
lab services managed contract consumables	70	0
3% Corporate CRES	2,700	(168)
Acute Prescribing	1,700	168
Primary Care Prescribing	1,700	50
LED lighting	100	0
Estates Rationalisation	0	0
SLA efficiency	2,100	0
CRES Total	9,600	(273)

Capital**Original
Capital
Plan
£000's****Capital allocation**

Core Capital Allocation	8,720
Whole System Estate Plan	1,600
Caring for Ayrshire	2,400
Foxgrove: National Secure Adolescent Unit	6,900
National Treatment Centre	16,000
Crosshouse Ward 4A Refurbishment	935

Total Approved Capital Allocation**36,555****Capital Spend for the 3 months to 30th June 2023****Spend
to Date
£000's**

National Secure Adolescent Unit	1,932
CDU Washer Disinfectors	608
National Treatment Time Centre	96
Distributed Working	9
Digital Reform	105
Caring for Ayrshire	8
Theatre Instrumentation	13
Electro medical Equipment	204
Electric Vehicle Infrastructure	2
Food Vacuum Waste System	65
NBV from Asset Sales	(18)
Total	3,024