

# NHS Ayrshire & Arran



<b>Meeting:</b>	<b>Ayrshire and Arran NHS Board</b>
<b>Meeting date:</b>	<b>Tuesday 21 May 2024</b>
<b>Title:</b>	<b>Revenue Plan 2024/2025</b>
<b>Responsible Director:</b>	<b>Derek Lindsay, Director of Finance</b>
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## 1. Purpose

This is presented for:

- Decision

This paper relates to:

- Annual Operational Plan

This aligns to the following NHSScotland quality ambition(s):

- Effective

## 2. Report summary

### 2.1 Introduction

This paper provides an overview of the Revenue Plan for 2024/2025 for NHS Ayrshire & Arran. The plan forecasts a 2024/2025 deficit of £53.5 million for Board Members approval.

### 2.2 Background

The Health Board was required to put in place a revenue budget that delivered essential services, with a plan for recurrent cash releasing efficiency savings of 3%. The level of planned deficit was required to reduce from the £56.4 million in 2023/2024 and Scottish Government advised a brokerage cap of £27.7 million for 2024/25.

### 2.3 Assessment

- 2.3.1 NHS Ayrshire & Arran have been notified of baseline funding of £883.5 million which is a 0% general allocation funding uplift for 2024/2025. An income reduction of £5 million is expected for New Medicines Fund, however this budget was already overspending in 2023/2024 by £3.7 million and increased costs on new medicines in 2024/2025 (not included in the table below) will mean an overspend against the new medicines budget of around £10.9 million.

In addition, NHS Ayrshire & Arran has recurring cost pressures of £18.5 million as captured in the summary table below.

<b>Summary of recurring cost pressures</b>	<b>£000</b>
Prior commitments	2,750
Pay related	3,115
Unavoidable clinical cost pressures	4,601
Non-clinical cost pressures	1,640
Primary care prescribing	4,312
Acute prescribing	2,106
<b>Total</b>	<b>18,524</b>

The recurring deficit in 2023/2024 was £50.28 million, however during the year £5.83 million of additional recurring sustainability funding was received, therefore the opening recurring deficit (excluding new medicines) is £44.45 million. When the £10.9 million overspend on New Medicines Fund, £3.72 million expected cost for unfunded beds and the £18.52 million of new cost pressures is added, the starting point before CRES is about £77.6 million deficit. Recurring cash releasing efficiency savings (outline in paragraph 2.3.2) of £24.1 million are targeted in 2024/2025 to bring the projected deficit to £53.5 million.

	<b>£ million</b>
Underlying deficit	44.5
New medicines fund	10.9
Unfunded beds	3.7
Cost pressures	18.5
Cash releasing efficiency savings	(24.1)
Projected deficit	53.5

This is a marginal improvement on 2023/2024 however is much higher than Scottish Government can provide brokerage for in 2024/2025 which is capped at £27.7 million.

- 2.3.2 Scottish Government expect Boards to deliver at least 3% cash releasing efficiency savings and NHS Ayrshire & Arran plan to deliver this as outlined below (which excludes any Health and Social Care Partnership savings).

<b>CRES area</b>	<b>£000</b>
Service Level Agreements	2,100
Waiting times	4,000
Acute prescribing	2,545
Primary Care prescribing	4,050
Close unfunded acute beds	6,440
Reduce use of agency nurses	2,000
Reduce use of agency doctors	1,000
Other Acute (including taxis and medical records)	191
Estates rationalisation	50
Procurement	300
Corporate	1,460
<b>Total identified CRES</b>	<b>24,136</b>

### **2.3.3 Quality/patient care**

Some of the service cost pressures are to improve quality of services. Examples of this include £1 million investment in insulin pump consumables and investment in medicines.

### **2.3.4 Workforce**

The workforce plan will reflect investments and efficiency savings. Additional investment in medical staffing has been identified. Delivery of savings will require a reduction in staff overall.

### **2.3.5 Financial**

New cost pressures in 2024/25 are fully met by cash releasing efficiency savings and 3% recurring cash releasing savings have reduced the underlying financial deficit from last year, however the deficit of £53.5 million is still considerably higher than the brokerage available from Scottish Government in 2024/25 of £27.7 million.

### **2.3.6 Risk assessment/management**

Pay is the biggest cost pressure. There are outstanding national decisions on pay related funding; however, Scottish Government has indicated that they will fund this. There is an increase in the employer superannuation rate also which will be funded by Scottish Government.

### **2.3.7 Equality and diversity, including health inequalities**

An impact assessment has not been completed because a diverse range of cost pressures are identified.

### **2.3.8 Other impacts**

- Best value
  - Use of resources

### **2.3.9 Communication, involvement, engagement and consultation**

The Board has carried out its duties to involve and engage external stakeholders where appropriate through pay and supplies group meetings.

### **2.3.10 Route to the meeting**

This has been previously considered by the following groups as part of its development. The groups have either supported the content, or their feedback has informed the development of the content presented in this report.

- Pay and Supplies Group 6 October 2023
- Pay and Supplies Group 6 December 2023
- Pay and Supplies Group 19 January 2024
- Corporate Management Team, 23 January 2024
- Performance Governance Committee, 1 February 2024
- Performance Governance Committee, 7 March 2024
- Performance Governance Committee, 17 May 2024
- Board workshops on 29 February and 19 March 2024

## 2.4 Recommendation

For decision. Board Members are asked to

- Approve the NHS Ayrshire & Arran Revenue Plan for 2024/2025 with a revenue deficit for 2024/2025 at £53.5 million.
- Note that this is a marginal improvement on the 2023/2024 budget position however is higher than Scottish Government can provide brokerage for in 2024/2025 which is capped at £27.7 million.