

# NHS Ayrshire & Arran



**Meeting:** Ayrshire and Arran NHS Board

**Meeting date:** Monday 15 August 2022

**Title:** Financial Management Report for the three months to 30 June 2022

**Responsible Director:** Derek Lindsay, Director of Finance

**Report Author:** Rob Whiteford, Assistant Director of Finance - Operational 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 this relies on the use of IJB funds brought forward for COVID-19 costs and discussions are ongoing.

#### 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.

### **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 Report**

## 1. Background

- 1.1 This report shows the revenue and capital position for the three months ended 30 June 2022.

## 2. Revenue resource limit and overall financial position

- 2.1 The total allocations for the year are expected to be £1.0 billion, as shown on Appendix 3. £800 million has been received so far. Of the remaining £200 million Family Health Services accounts for £55 million, Primary Care Medical Services £63 million, Primary Care Improvement Fund £11 million, Access funding £13.5 million and COVID-19 funding £25.4 million.
- 2.2 The Board has set a deficit budget of £26.4 million for 2022/2023.
- 2.3 The Board is £7.4 million overspent after three months. This includes £7.0 million of year to date phased in from the £25.4 million COVID-19 funds anticipated. Please refer to sections 6.3 and 6.4 for further information.
- 2.4 COVID-19 spend in the Health Board of £7.0 million has been matched with budget, with detail of actual spend in the first quarter of the year shown on Appendix 2.
- 2.5 £0.9 million of COVID-19 expenditure has been incurred on staff charged to COVID-19 Test and Protect in Public Health. Whilst some staff are legitimately charged here many should have been charged to the department they are now working in. We are working with Human Resources and Public Health to address this. Other COVID-19 charges include £0.7 million for additional staffing costs to backfill staff absent due to Long COVID. COVID-19 special leave arrangements will cease on the 31 August 2022 and revert to contractual entitlement.
- 2.6 The Board are in discussion with Integration Joint Board (IJB) colleagues regarding the use of £36 million of COVID-19 funding issued in 2021/2022, and carried forward in their reserves for COVID-19 related costs in 2022/2023.
- 2.7 The first allocation letter for 2022/2023 has now been received. Appendix 3 shows the further allocations we anticipate during 2022/2023.

## 3. Acute Services

- 3.1.1 The annual budget for Acute Services is £372.3 million. The directorate is overspent by £2.1 million in the year to date.

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	273,627	70,841	71,373	(532)	26,581	24,166	2,415
Supplies	57,863	11,963	13,347	(1,384)	4,739	5,860	(1,121)
Purchase of Healthcare	72,013	19,554	18,879	675	5,860	5,439	421
Provision of Healthcare	(26,599)	(6,640)	(6,583)	(57)	(2,218)	(2,180)	(38)
Operating Income	(1,013)	(650)	(687)	36	(49)	(67)	18
Unallocated Savings	(3,529)	(882)	0	(882)	(130)	0	(130)
<b>Total</b>	<b>372,362</b>	<b>94,185</b>	<b>96,329</b>	<b>(2,144)</b>	<b>34,783</b>	<b>33,218</b>	<b>1,565</b>

3.1.2 The position improved in Month 3 as a result of funding year to date COVID-19 expenditure, which is mainly on pay. Drugs are £0.8 million overspent, with supplies, equipment and hotel services aggregating to a further £0.6 million overspend after 3 months.

3.1.3 Unallocated Acute CRES is £3.5 million and 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 The budget has been adjusted to be equivalent to funding received from Scottish Government. The locally funded £10.5 million has been removed and contributes to the 2022/23 cost pressures which could not be funded from the allocation uplift or Cash Releasing Efficiency Savings. The New Medicines Fund (NMF) is £3.2 million overspent after 3 months. Had this adjustment not been made the NMF would have been £0.6 million overspent. A paper will be presented to the Realistic Medicines and Effective Prescribing Group explaining the rationale for this change, which had been supported by the Performance Governance Committee.

## **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 £11.7 million. It is underspent by £0.3 million after three months.

## **3.4 Health and Social Care Partnerships (HSCPs)**

3.4.1 The total health budgets for the three HSCPs are now £461.6 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.

### **Infrastructure Support Services (Operational)**

3.5.2 Operational Infrastructure and Support Services includes estates, hotel services and digital services. They have an annual budget of £55.1 million. They are at breakeven after 3 months.

### **Infrastructure Support Services (Corporate)**

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.

### 3.6 Corporate Services

- 3.6.1 Corporate Services have budgets of £35.6 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. These areas all have underspends, which in aggregate total £0.5 million.

### 3.7 Corporate Resource and Reserves

- 3.7.1 Reserves (budgets not issued to directorates) are £2.6 million over committed for the year to date. This is mostly a result of the underlying defect, which has increased following the 2022/2023 budget setting process.

## 4. Efficiency and Transformation Programme

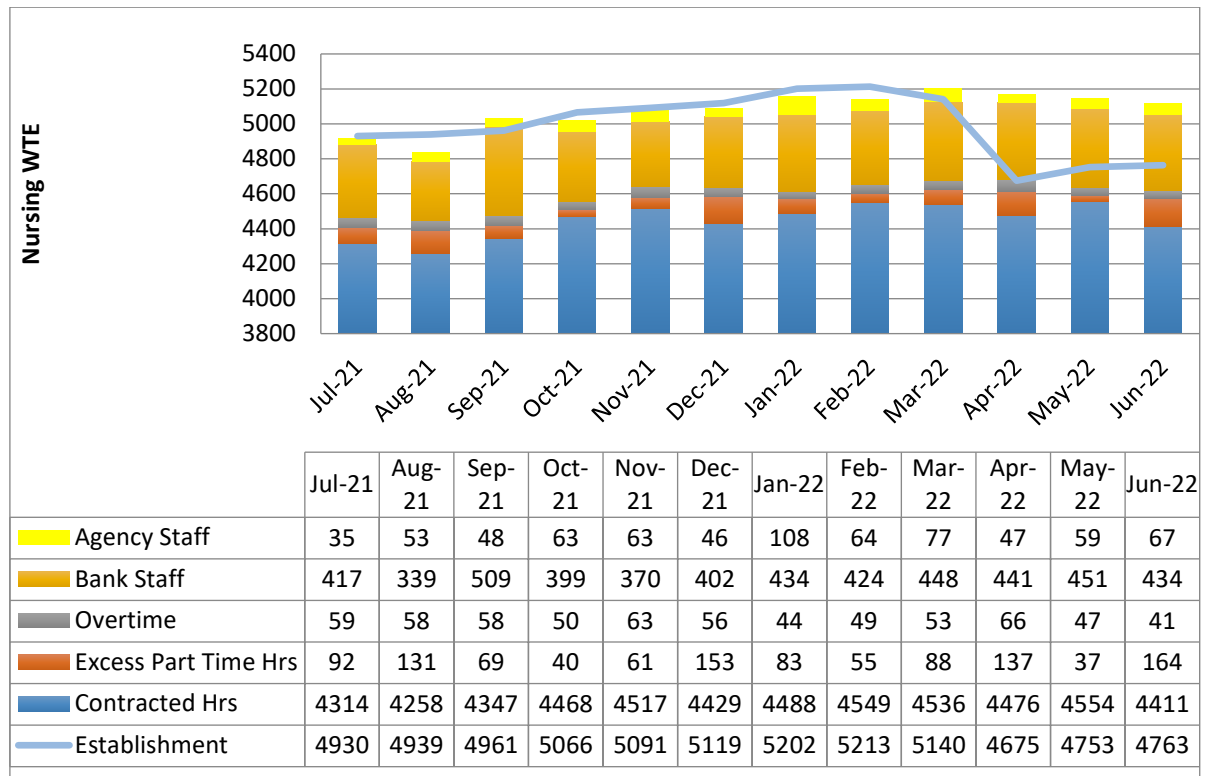
- 4.1 The Cash Releasing Efficiency Savings (CRES) programme for 2022/2023 totals £8.2 million. £1.6 million has been achieved against the £2.0 million year to date target. The underachievement is due to schemes within acute from 2021/2022 which were planned to deliver in 2022/2023 but which have not done so to date.

## 5. Workforce

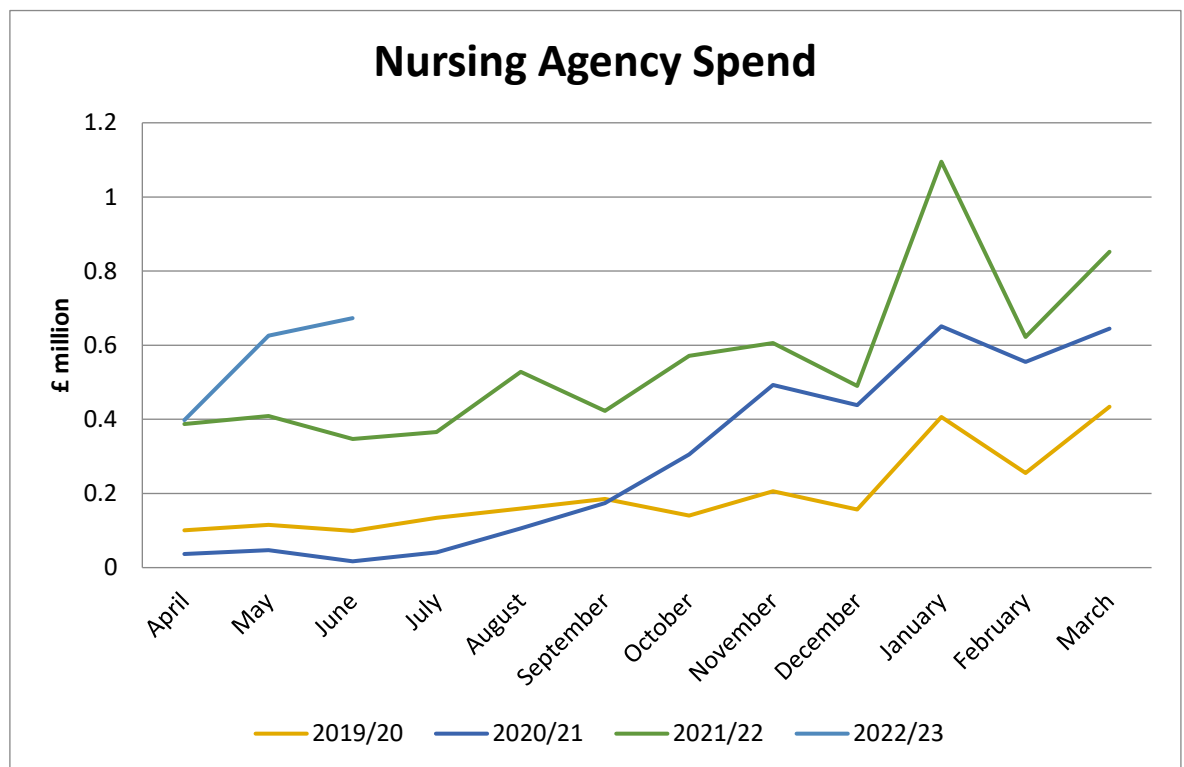
- 5.1 The table below shows the WTE staff used from April to June 2022. It then compares this with the average in preceding years. There has been a marked and sustained increase in WTE during the COVID-19 pandemic. 98 of these are for the COVID-19 vaccination programme who will be required recurrently and another 74 are for Test and Protect staff who are in the process of redeployment to vacancies (section 2.5 above refers).

	Apr-22	May-22	Jun-22	2021-22	2020-21	2019-20
	WTE	WTE	WTE	Apr-Mar Average WTE	Apr-Mar Average WTE	Apr-Mar Average WTE
Contracted Hrs	9,373	9,466	9,333	9,291	9,034	8,809
Excess Part Time Hrs	417	249	403	344	317	285
Overtime	125	91	83	106	116	93
Bank Staff	441	451	434	406	321	253
Agency Staff	74	81	102	82	55	60
<b>Total WTE</b>	<b>10,430</b>	<b>10,338</b>	<b>10,355</b>	<b>10,230</b>	<b>9,843</b>	<b>9,500</b>

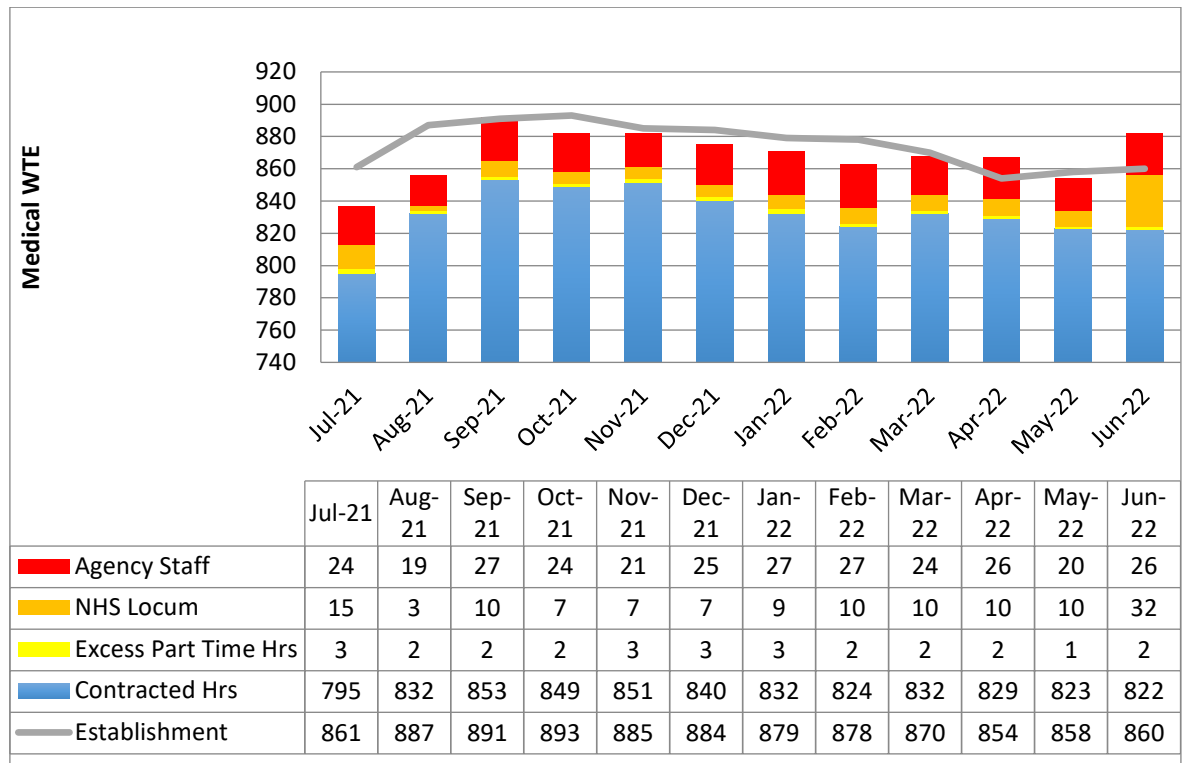
- 5.2 The trend of increasing staff over the pandemic years requires to be reversed in 2022/2023 as there is not recurring funding to support this level of staffing. This will require beds to close. June however saw an increase of 17 WTE from May.
- 5.3 The graph below shows the trend for nursing staff. This will include bank staff, overtime, excess part time hours and agency. We were 354 WTE over our recurrently funded nursing establishment in Month 3, with 706 WTE of supplementary staffing. Contracted hours however were 352 WTE below establishment. The reduction in establishment from March 2022 is due to the removal of non recurrently funded posts created to manage COVID-19.



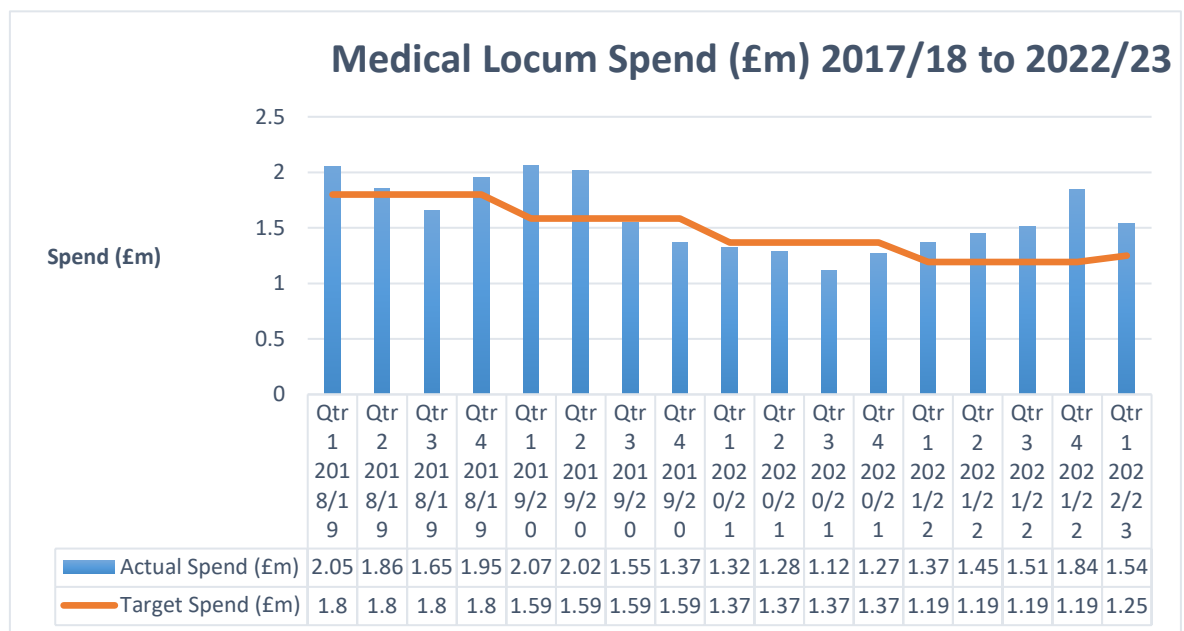
- 5.4 We spent £0.7 million on agency nursing staff in June, up slightly from May. This remains in excess of the levels incurred in any months previously, other than January and March 2022.



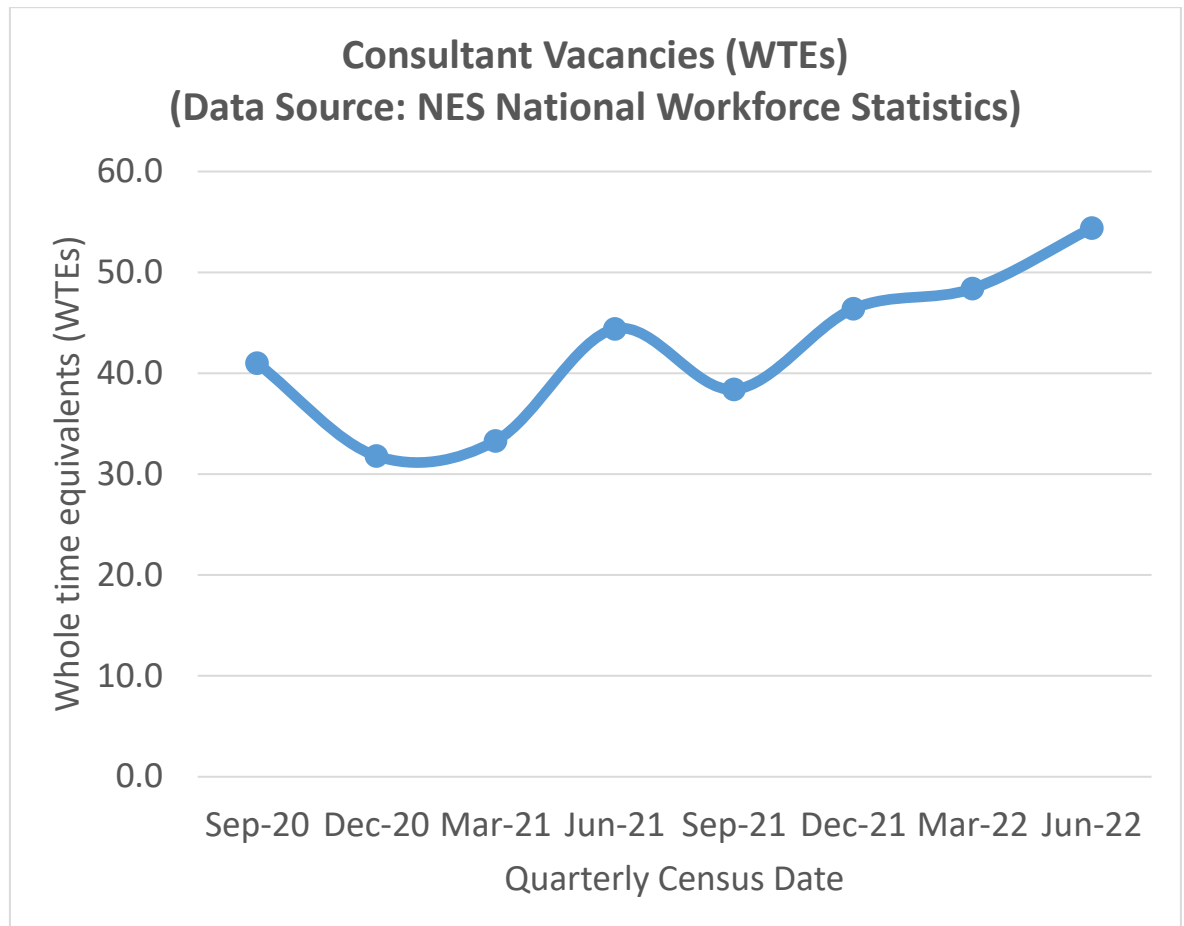
- 5.5 We used 882 WTE medical staff in June, including locums and agency, which was 22 above establishment. The graph below shows the trend from July 2021 to June 2022. The high cost of some medical agency staff is a driver for an overspend against the medical staff budget.



5.6 The graph below shows the trend in medical agency spend from quarter one of 2017/2018 to quarter one of 2022/2023. There is an increasing trend from quarter three of 2020/2021. In the last financial year we spent £6.2 million, with £1.8 million incurred in quarter four and £1.5 million in quarter one of 2022/2023.

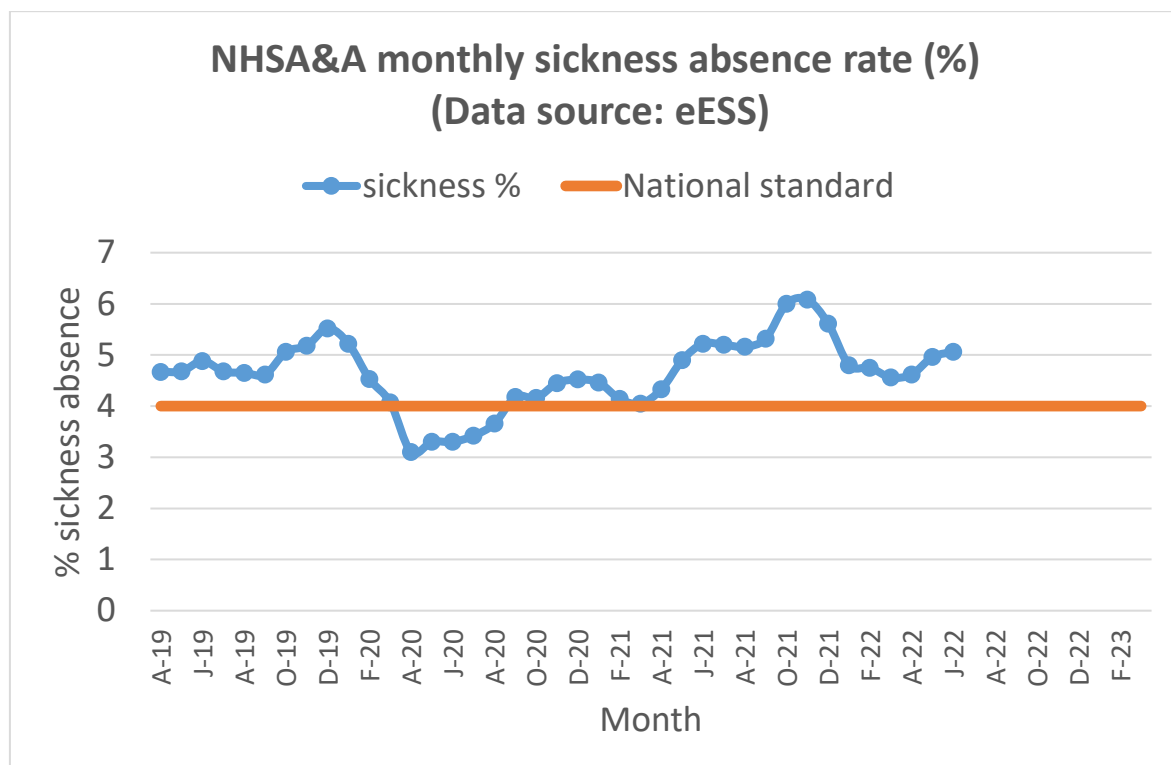


5.7 The level of consultant vacancies impacts directly on medical agency spend. The graph below shows the number of vacancies over time from September 2020 to June 2022. An increasing trend is evident with vacancies now at 54, having been 38 nine months ago.



- 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 June 2022.





## 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 continues to drive expenditure, and some commitments entered into around additional wards and test and protect will require management over time to reduce spend.
- 6.3 Funding for COVID-19 expenditure in 2022/2023 and the proposed use of the £36 million with IJBs remains under discussion. It is critical to the Board's financial position that this is resolved. £16.5 million has been advised nationally as our COVID-19 "envelope" for non delegated services and is anticipated in this paper.
- 6.4 This paper further assumes funding of £8.9 million sourced from a combination of IJB reserves for delegated services and Scottish Government for Test and Protect. These assumptions whilst reasonable carry a high degree of risk.
- 6.5 GP Prescribing is known to be volatile in volume and price.
- 6.6 The CRES programme has components which are opportunities, and delivery is £0.4 million behind target at this stage.

## 7. Capital

- 7.1 Capital spend in quarter one was £1.6 million. The capital plan is £34.4 million with allocations to date of £22.5 million. Further detail is at Appendix 5.

## Financial Position for the year ended 30 June 2022

	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	273,627	70,841	71,373	(533)	98,735	23,344	24,956	(1,611)	372,362	94,185	96,329	(2,144)
East Hscp	55,240	13,747	13,947	(199)	145,446	35,925	35,678	247	200,686	49,673	49,625	48
North Hscp	82,980	20,442	20,745	(303)	80,755	20,256	20,836	(580)	163,736	40,698	41,581	(883)
South Hscp	30,406	7,577	7,342	235	66,785	15,014	14,879	134	97,192	22,591	22,221	369
HSCP underspends owed to IJBs			(267)	267			(199)	199	0	0	(466)	466
New Medicines Fund				0	7,218	680	3,888	(3,209)	7,218	680	3,888	(3,209)
Other Clinical Services	10,297	2,573	2,331	242	1,394	231	169	62	11,692	2,804	2,500	304
<b>Hospital Community and Family Health Services (section 1)</b>	<b>452,551</b>	<b>115,180</b>	<b>115,471</b>	<b>(291)</b>	<b>400,335</b>	<b>95,450</b>	<b>100,207</b>	<b>(4,757)</b>	<b>852,886</b>	<b>210,630</b>	<b>215,678</b>	<b>(5,048)</b>
Chief Executive	865	216	189	27	38	9	9	(0)	903	225	199	27
Director Public Health	13,112	3,860	3,577	283	2,041	89	316	(227)	15,153	3,948	3,893	56
Medical Director	3,806	1,002	1,037	(35)	(2,431)	(582)	(673)	91	1,376	420	363	56
Nursing Director	6,767	1,587	1,435	153	(343)	(281)	(320)	39	6,424	1,306	1,115	191
ISS (Operational)	40,963	10,292	10,274	18	14,115	2,988	3,011	(23)	55,078	13,280	13,285	(5)
ISS (Corporate)	64	16	16	0	39,367	8,848	8,935	(87)	39,431	8,864	8,951	(87)
Finance	4,358	1,089	1,047	42	(612)	(170)	(156)	(14)	3,746	920	892	28
ORG and HR Development	5,732	1,308	1,243	65	159	(71)	(27)	(44)	5,891	1,237	1,215	21
West Of Scotland Region Ce	68	17	10	7	(68)	(139)	(132)	(7)	0	(122)	(122)	(0)
Transformation+sustainability	2,019	494	436	59	117	22	7	15	2,136	516	443	74
<b>Clinical and Non Clinical Support Services (Section 2)</b>	<b>77,755</b>	<b>19,881</b>	<b>19,263</b>	<b>619</b>	<b>52,384</b>	<b>10,713</b>	<b>10,970</b>	<b>(258)</b>	<b>130,139</b>	<b>30,594</b>	<b>30,233</b>	<b>361</b>
Corporate Resource	(60)	(60)	(60)	(0)	4,204	(1,667)	(1,585)	(82)	4,144	(1,727)	(1,645)	(82)
Corporate Reserves	7,899	0	0	0	13,019	(2,649)	0	(2,649)	20,918	(2,649)	0	(2,649)
<b>Corporate Resource and Reserves</b>	<b>7,839</b>	<b>(60)</b>	<b>(60)</b>	<b>(0)</b>	<b>17,224</b>	<b>(4,316)</b>	<b>(1,585)</b>	<b>(2,731)</b>	<b>25,063</b>	<b>(4,376)</b>	<b>(1,645)</b>	<b>(2,731)</b>
<b>NHS A&amp;A Total</b>	<b>538,145</b>	<b>135,001</b>	<b>134,674</b>	<b>328</b>	<b>469,942</b>	<b>101,847</b>	<b>109,593</b>	<b>(7,746)</b>	<b>1,008,087</b>	<b>236,849</b>	<b>244,267</b>	<b>(7,419)</b>

## COVID-19 Expenditure

Category	COVID YTD Expenditure £000
Additional Hospital Bed Capacity/Costs - Maintaining Surge Capacity	3,611
Additional staff overtime and enhancements	70
Additional temporary staff spend - All Other	551
Medical Staffing	34
Additional temporary staff spend - Returning Staff	16
COVID-19 screening and testing for virus	94
Equipment & Sundries	1
Deep cleans	147
Staffing support, including training & staff wellbeing	124
HR Staff Hub	0
Additional Temporary Staff - CNO Care Home Additional Responsibilities	95
Public Health	19
Covid - Covid Vaccinations	1,122
Ph Covid Health Protection	51
Covid - Mass Testing	112
*Contact Tracing Costs	936
<b>Subtotal Health Board</b>	<b>6,983</b>
Community Hubs	68
East HSCP _ Various	39
East Hscp Long Covid	98
North HSCP - Various	162
North Hscp Long Covid	165
South HSCP - Various	26
Biggart Beds	136
South Hscp Long Covid	18
<b>Subtotal HSCPs</b>	<b>712</b>
<b>COVID-19 Total</b>	<b>7,695</b>
Mh Remobilisation Plan	9
Redesign of Urgent Care	57
South Mh Remob Plan	21
<b>Subtotal Exclusions</b>	<b>87</b>
<b>YTD in COVID-19 Cost Centres</b>	<b>7,782</b>

\*Funding for contract tracing and testing is to be confirmed

## Confirmed and Antcipated Allocations

## Appendix 3

Category	Recurring £'000	Earmarked Recurring £'000	Non Recurring £'000	Total £'000
<b>Allocations Received @ M3</b>	<b>806,136</b>	<b>0</b>	<b>131</b>	<b>806,267</b>
Family Health Services Non Cash Limited		55,451		55,451
Primary Medical Serv		63,083		63,083
Prim Care Improvement Fund		10,863		10,863
Outcomes Framework		4,748		4,748
Woodland view Unitary Charge		4,328		4,328
New Medicines Fund		3,618	3,600	7,218
Action 15 Mental Health		2,610		2,610
Band 2 Support Workers		2,214		2,214
MDT Teams		3,040		3,040
Public Dental Service Gds		1,950		1,950
Quarriers		1,612		1,612
Mental Health Framework		1,492		1,492
Care Homes		1,023		1,023
Alcohol & Drug Partnership		996		996
Scottish Trauma Network		971		971
School Nurse		414		414
District Nurse Posts		360		360
Nsd Out Of Area		350		350
Infant Mental Health		303		303
Camhs Neurodevelopmnt		226		226
Fnp - Family Nurse Partners		210		210
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
Woscan Prostate		17		17
Discovery 2021-22		(40)		(40)
Pass Contract		(43)		(43)
Pre-registration Pharmacist		(180)		(180)
National Services (paediatric Renal Dialysis)		(200)		(200)
Ndc - National Distribution		(967)		(967)
Pharmacy Global Sum		(5,080)		(5,080)
Covid Funding			16,500	16,500
Further COVID-19 Funding			8,912	8,912
Access Funding			13,500	13,500
Non Core Del			1,800	1,800
Capital Sacrifice			1,582	1,582
Family Nurse Partnership Fnp			1,495	1,495
Combat Stress			1,424	1,424
Strategic Funding			1,265	1,265
Uplift-2 Additional Level 3 Beds			1,076	1,076
Research & Development			650	650
Integrated Primary And Community Care			562	562
Ame Provision			529	529
March 2022 Surplus			510	510
6 Essential Actions			494	494
Diabetes Prevention			488	488
Primary Care Digital Improvement			140	140
Excellence In Care			94	94
Realistic Medicine			60	60
Hpv Topslice			(281)	(281)
Child Hospice			(517)	(517)
Revenue to Capital Sacrifice			(508)	(508)
Pet Scan			(671)	(671)
Golden Jubilee			(2,054)	(2,054)
Nss Risk Share			(3,181)	(3,181)
<b>Total Received and Antcipated Allocations</b>	<b>806,136</b>	<b>154,349</b>	<b>47,600</b>	<b>1,008,084</b>

# Cash Releasing Efficiency Savings

# Appendix 4

Plan v Forecast	£000	£000	£000	£000
		M3 YTD	M3 YTD	
Plan Area (operational)	Annual Plan	Plan	Actual	Variance
Renal Beds	600	150	0	(150)
Frailty Pathway	150	38	0	(38)
Supplies	75	19	19	0
Urology	45	11	0	(11)
Surgical Beds	280	70	0	(70)
Radiology	40	10	10	(0)
Travel	300	75	0	(75)
Income from D&G	100	25	0	(25)
Acute Other	11	3	3	0
Acute Prescribing	1,561	390	390	0
Primary Care Prescribing	2,000	500	470	(30)
External SLAs	2,000	500	500	0
National Services	350	88	88	0
Digital Transformation	200	50	50	0
Energy	69	17	17	0
Estate Rationalisation	200	50	50	0
Energy Utilisation	200	50	50	0
<b>Total</b>	<b>8,180</b>	<b>2,045</b>	<b>1,646</b>	<b>(399)</b>

## Capital Report

	Original Capital Plan £000's	Current Capital Allocations £000's
<b><u>Capital allocation</u></b>		
Core Capital Allocation	8,720	8,720
SG Cap Cont to Whole System Estate Plan	1,600	1,600
Caring for Ayrshire	2,411	2,963
SG Contribution to National Secure Adolescent Unit	9,700	5,000
NTC - Carrick Glen	12,000	3,000
Student Accom from 21/22		250
Endowment Funding Staff Wellbeing		508
EV Infrastructure from 21/22		441
<b>Total Approved Capital Allocation</b>	<b>34,431</b>	<b>22,482</b>

	Spend to Date £000's
<b>Capital spend at 30th June 2002</b>	
National Secure Adolescent Unit	720
Endoscopy Decontamination, Ayr	244
National Treatment Centre, Carrick Glen	263
Student Accommodation	249
Aggregate schemes under £50k	141
<b>Total</b>	<b>1,616</b>