

# NHS Shetland

<b>Meeting:</b>	<b>Board</b>
<b>Meeting date:</b>	<b>1 January 2022</b>
<b>Agenda reference:</b>	<b>Board Paper 21/22/60</b>
<b>Title:</b>	<b>2021-22 Financial Performance Management Report Update – Month 9, December 2021</b>
<b>Responsible Executive/Non-Executive:</b>	<b>Colin Marsland, Director of Finance</b>
<b>Report Author:</b>	<b>Colin Marsland, Director of Finance</b>

## 1 Purpose

**This is presented to the Board for:**

- Awareness

**This report relates to:**

- Annual Operating Plan

**This aligns to the following NHS Scotland quality ambition(s):**

- Safe
- Effective
- Person Centred

## 2 Report summary

### 2.1 Situation

The purpose of this paper advises the Board of the expenditure against Revenue Resource Limit at month nine, December, for 2021-22. It highlights financial issues together with the actions required to manage these to ensure the year-end out-turn meets the Board's statutory obligation to breakeven.

The Board is asked to note the position and discuss pertinent issues highlighted in the report.

## 2.2 Background

In 2021-22, whilst addressing local issues to manage Covid-19 pandemic, NHS Boards are still required to achieve a year end balanced financial position in-line with statutory financial obligation under section 85 of the National Health Services (Scotland) ACT 1978.

The summary financial points at month 9 are:

- Appendix A, financial summary statement shows a £2.4M over spend year to date, this represents a 4.4% over spend on the year to date plan;
- Appendix A, as outlined in the financial summary statement shows the primary cause of the deficit is pay at £1.9m;
- Appendix A, as outlined in Table 3 shows a deficit in efficiency savings achieved to date of £0.7m is the other main cause of the deficit; and
- Appendix B, NHS Shetland confirmed funding allocation as at month 9 is £74.6M. This includes £4.1m in respect of Covid-19 pandemic response.

## 2.3 Assessment

### 2.3.1 Quality/ Patient Care

Patient care is being maintained by the use of locum and agency staff to maintain safe staffing models in essential services.

Long term sustainable clinical staffing models remains a top priority to address as will provide more effective and efficient use of resources. This should improve the ability to create our objective of patient centred care through ensuring sufficient organisational capacity and resilience.

### 2.3.2 Workforce

For the Board to achieve a balanced financial position in 2021-22 and beyond, the issue of sustainable clinical staffing models remains a top priority to address. The locum and bank staff though are being deployed to maintain safe staffing models in essential services. Thus ensuring a safe patient centred service exist. Summary of these costs are highlighted in Table 1.

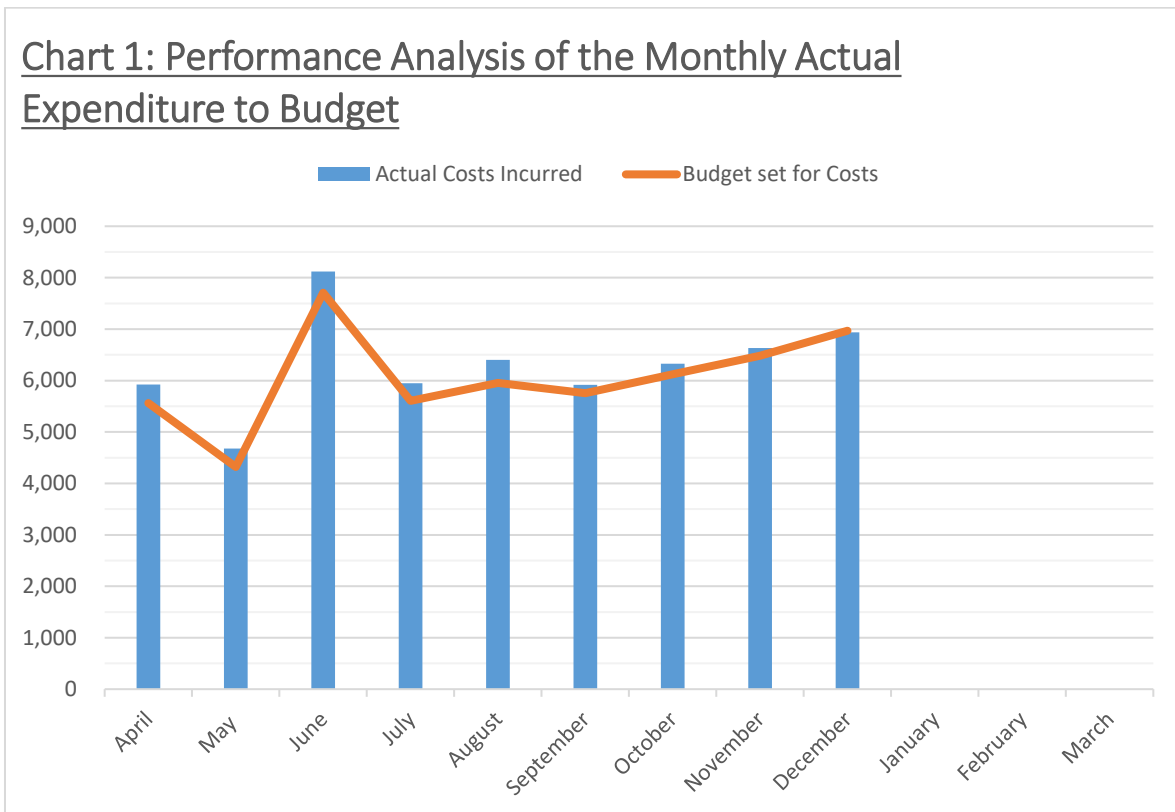
	Medical Staff £000's	Nursing / Other £000's	Total £000's
Acute and Specialist Services	894	20	914
Community Health	986	294	1,280
Total	1,880	314	2,194

Until there is recruitment to fill the substantive GP vacancies and Consultant vacant posts in Mental Health, General Medicine and Anaesthetic Services there will be continuing cost pressures arising from additional costs incurred. Recruitment to these post may be challenging but will be essential to successfully resolve this resource pressure.

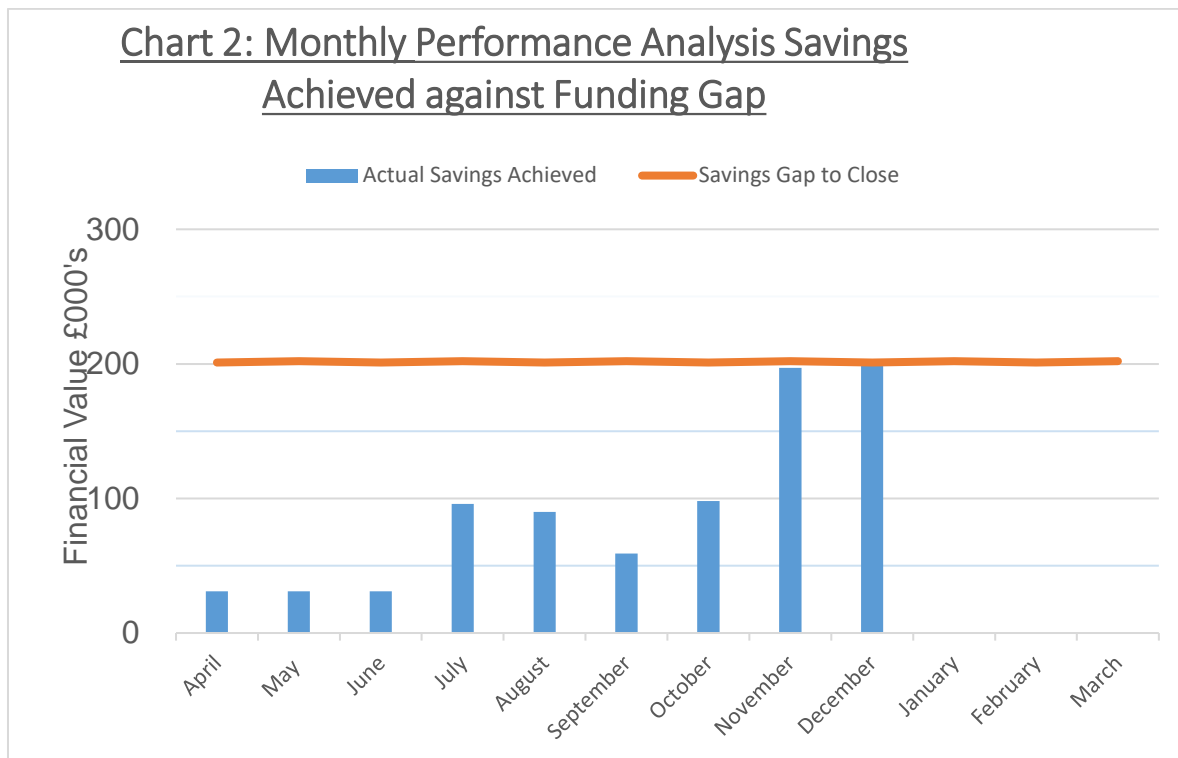
### 2.3.3 Financial

Chart 1 below illustrates the monthly position of expenditure against the Board's resources available as set out in the approved budget. This shows that expenditure is usually greater than available resources in each month due to locums and shortfall on efficiency savings target as highlighted in chat 2.

In non-pay there is an offset under spend of £0.3m in patient travel costs. This relates to number travelling off island being lower than historic levels as services off island not yet fully re-mobilised to pre-covid-19 levels.



**Chart 2: Monthly Performance Analysis Savings Achieved against Funding Gap**



Although the Covid-19 pandemic has re-prioritise key focus of the Board to address the immediate response to ensure public health and well-being is ensured, it still remains essential for longer-term financial sustainability that a focus to address the underlying gap and the future annual target projected at 3.0% efficiency savings in-line with Scottish Government policy is not forgotten.

However as plans are developed to implement the principles arising out of the Clinical Strategy review that these schemes take due recognition of resource constraints in both finance and staff with appropriate skills.

To achieve the 2021-22 annual target of just over £2.4m requires just over £200k to be achieved each month. At the month 9 there is still a balance of £1.1m to address as outstanding in the current year.

Recurrent schemes currently in place have an annual value that total £635.5k. This is only 26.3% of the annual target. Therefore at present there is a balance of £1.8m being carried in to 2022-23.

#### **2.3.4 Risk Assessment/Management**

There is risk to the sustainability of the Board if sustainable models of care that have pathways that sustainable staffing that ensure sufficient organisational capacity and resilience within available resources.

Redesign of pathways that need to occur in line with Board and partners aims to deliver locally set objectives need to ensure staffing models are realistic and recruitment plans are reviewed and put in place for successful appointment to key vacant posts.

### **2.3.5 Equality and Diversity, including health inequalities**

An impact assessment has not been completed because this has no immediate implications for the Board's overall compliance. However any significant action plans to address either short-term or underlying issues will require an EQIA to be undertaken.

### **2.3.6 Other impacts**

Plans to address issues raised will need consultation and engagement with a number of stakeholders

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

No communication and consultation has taken place prior to submission to the Board.

### **2.3.8 Route to the Meeting**

This report was not considered by other committees prior to submission to the Board.

## **2.4 Recommendation**

- **Awareness –**

This report is for Board Members' information only and to stimulate discussion on our forward actions.

There are two action that EMT will need to review and address in the short to medium term:

1. How recruitment plan and process can be put in place to successful recruit to the key vacant posts; and
2. Identify projects to address the recurrent savings targets public bodies are expected to achieve each year.

## **3 List of appendices**

The following appendices are included with this report:

- Appendix No A , 2021–22 Financial Statement Year to date Out-turn at Month 9
- Appendix No B, NHS Shetland 2021–22 Scottish Government Allocation Received

## Appendix A

### NHS Shetland

#### 2021–22 Financial Statement Year to date Out-turn at Month 9

	Annual Budget	Year to Date Budget as at Month 9	Expenditure at Month	Variance
	2021–22	2021–22	2021–22	2021–22
<b>Funding Sources</b>				
Core RRL	£53,961,735	£40,471,301	£40,471,301	£0
Earmarked	£8,567,256	£6,425,442	£6,425,442	£0
Non Recurrent	£10,564,054	£6,319,375	£6,319,375	£0
AME Depreciation	£1,683,378	£1,262,534	£1,262,534	£0
AME Other	£20,000	£0	£0	£0
Other Operating Income	£2,655,042	£2,109,571	£2,168,862	£59,291
Gross Income	£77,451,465	£56,588,223	£56,647,514	£59,291
<b>Resource Allocations</b>				
Pay	£42,887,153	£32,939,588	£34,804,940	-£1,865,352
Drugs & medical supplies	£8,014,146	£6,088,859	£6,208,046	-£119,187
Depreciation	£1,683,378	£1,262,534	£1,348,231	-£85,697
Healthcare purchases	£13,008,145	£9,551,990	£9,420,319	£131,671
Patient Travel	£2,228,829	£1,547,862	£1,128,365	£419,497
FMS Expenditure	£1,184,930	£912,460	£899,895	£12,565
AME Other Expenses	£20,000	£0	£0	£0
Other Costs	£9,527,258	£4,996,528	£5,254,295	-£257,767
Gross expenditure	£78,553,839	£57,299,821	£59,064,091	-£1,764,270
Funding Gap	-£1,102,374	-£711,598	-£2,416,577	

## Appendix A continued

Shetland NHS Board Financial Position as at the end of December 2021	WTE		Annual Budget	2021-22 Month 9 Position		
	Budget	Year to Date		Budget	Actual	Variance (Over) / Under
Acute and Specialist Services	247.95	248.66	£18,823,346	£13,706,580	£15,237,717	(£1,531,137)
Community Health and Social Care	257.95	228.64	£24,887,876	£18,849,542	£19,960,937	(£1,111,395)
Commissioned Clinical Services	3.43	3.15	£13,457,822	£9,725,983	£9,126,529	£599,454
<b>Sub-total Clinical Services</b>	<b>509.33</b>	<b>480.45</b>	<b>£57,169,044</b>	<b>£42,282,105</b>	<b>£44,325,183</b>	<b>(£2,043,078)</b>
Dir Public Health	12.76	54.17	£2,368,380	£2,144,856	£2,103,895	£40,961
Dir Finance	17.22	46.98	£2,123,974	£1,795,393	£1,714,689	£80,704
Reserves	0.00	0.00	£2,278,941	(£354,203)	(£119,411)	(£234,792)
Medical Director	7.04	7.15	£455,689	£333,260	£304,423	£28,837
Dir Human Res & Support Services	34.49	41.58	£3,094,400	£2,009,049	£2,204,717	(£195,668)
Head of Estates	75.33	76.18	£4,440,012	£4,121,979	£4,222,367	(£100,388)
Office of the Chief Executive	23.16	19.82	£2,865,983	£2,146,213	£2,139,366	£6,847
<b>Overall Financial Position</b>	<b>679.33</b>	<b>726.34</b>	<b>£74,796,423</b>	<b>£54,478,652</b>	<b>£56,895,229</b>	<b>(£2,416,577)</b>

## Appendix A continued

Table 2: Shetland Health Board: Monthly Analysis of Expenditure versus Budget for 2021–22—Source data used in respect of Graph 2

	April	May	June	July	August	September	October	November	December	January	February	March
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Actual costs incurred	5,925	4,679	8,121	5,950	6,401	5,919	6,327	6,634	6,939			
Budget set for costs	5,562	4,320	7,708	5,605	5,951	5,755	6,124	6,483	6,971			
Surplus/ Deficit £	(363)	(359)	(413)	(345)	(450)	(164)	(203)	(151)	32			
Surplus / Deficit %	-6.5%	-8.3%	-5.4%	-6.2%	-7.6%	-2.8%	-3.3%	-2.3%	0.5%			
Year to date variance £	(363)	(722)	(1,135)	(1,480)	(1,930)	(2,094)	(2,297)	(2,448)	(2,416)			
% Year to date variance	-6.5%	-7.3%	-6.5%	-6.4%	-6.6%	-6.0%	-5.6%	-5.2%	-4.4%			



## Appendix A continued

Table 3: Shetland Health Board: Monthly Performance Analysis Savings Achieved versus Funding Gap for 2021–22—Source data used in Graph 3

	April	May	June	July	August	September	October	November	December	January	February	March	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Actual savings achieved	31	31	31	96	90	59	98	197	202				
Savings gap to close	201	202	201	202	201	202	201	202	201				
Surplus/ Deficit £	(170)	(171)	(170)	(106)	(111)	(143)	(103)	(5)	1				
Surplus / Deficit %	-84.6%	-84.7%	-84.6%	-52.5%	-55.2%	-70.8%	-51.2%	-2.5%	0.5%				
Year to date variance £	(170)	(341)	(511)	(617)	(728)	(871)	(974)	(979)	(978)				

## Appendix A continued

Table 4: 2021–22 Efficiency Savings Delivery Performance Analysed by Management Service Areas

Shetland Health Board Savings Plan 2021–22		Recurring Savings				Non-Recurring Savings	
Area	Lead Officer	Original Directorate target £000's	Potential Identified £000's	Achieved YTD £000's	Achieved FYE £000's	Potential Identified £000's	Achieved YTD £000's
Acute Services	Director of Nursing	1,079.4	407.5	308.5	369.2	233.8	223.0
Community Services	Director of Health & Social Care	562.3	180.0	135.0	180.0	382.3	360.2
Off Island Healthcare	Director of Finance	0.0	0.0	0.0	0.0	20.0	15.0
Public Health	Director of Public Health	0.0	0.0	0.0	0.0	12.4	9.3
Human Resources	Director of Human Resources	26.6	0.0	0.0	0.0	0.0	0.0
Chief Executive	Chief Executive	10.6	0.0	0.0	0.0	10.6	8.0
Medical Director	Medical Director	0.0	0.0	0.0	0.0	0.0	0.0
Estates	Head of Estates	16.0	0.0	0.0	0.0	9.4	9.4
Finance	Director of Finance	0.0	0.0	0.0	0.0	0.0	0.0
Board Wide / Reserves	Director of Finance	722.9	59.4	33.5	59.4	0.3	0.0
<b>Overall Board Targets for 2021–22</b>		<b>2,417.8</b>	<b>2,417.8</b>	<b>646.9</b>	<b>608.6</b>	<b>668.8</b>	<b>624.8</b>
<b>Overall Target Achieved in 2021–2 (YTD)</b>		<b>1,101.7</b>					
<b>Overall Target Achieved in 2021–22 (FYE)</b>		<b>608.6</b>					

## Appendix A continued

Table 5: Covid-19 Response Plan Financial Summary

Covid-19 Impact Summary	YTD				Forecast			
	Health Board	HSCP(s)— NHS	NHS Total	HSCP(s)— LA	Health Board	HSCP(s)— NHS	NHS Total	HSCP(s)— LA
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Additional costs	2,438	1,243	3,681	1,438	3,338	1,641	4,979	2,118
Offsetting reductions	0	0	0	0	0	0	0	0
Unachieved savings	0	0	0	0	0	0	0	0
Net Covid-19 impact	2,438	1,243	3,681	1,438	3,338	1,641	4,979	2,118

## Appendix B

### NHS Shetland 2021–22 Scottish Government Allocation Received

Month	Narrative	Baseline	Earmarked	Non-recurring	AME	Net Running Total
April	Baseline allocation	£54,633,610				£54,633,610
June to October	Various other allocations to October 2021	£784,503	£6,050,450	£10,508,969		£71,977,532
November	ADP Frontline Services	-	-	31,748	-	72,009,280
November	ADP Programme for Government 2021-2022	-	-	82,745	-	72,092,025
November	Psychological Therapies	-	-	64,000	-	72,156,025
November	Mental Health Outcomes Framework	-	268,043	-	-	72,424,068
November	Dementia Post Diagnostic Support Service	-	-	17,095	-	72,441,163
November	RMP4 Elective Care Activity	-	-	391,000	-	72,832,163
November	Scottish Trauma Network (NoS Tranche 1)	-	-	2,147	-	72,834,310
November	Spiritual Care winter pressure	-	-	150	-	72,834,460
November	Primary Care Digital Improvement	-	-	9,769	-	72,844,229
November	Expansion of Primary Care Estates	-	-	9,769	-	72,853,998
November	GP Premises Improvement	-	-	17,095	-	72,871,093
November	Primary Care Harmonisation	-	-	1,200,000	-	74,071,093
November	2020-21 Surplus Brought Forward	-	-	63,000	-	74,134,093
November	Medical and Dental Pay Uplift 2021-22	204,000	-	-	-	74,338,093
November	Further Agenda for Change Uplift 2021-22	23,000	-	-	-	74,361,093
November	Community Link Workers £500 payments	-	-	1,138	-	74,362,231
December	1st & 2nd quarter payments for OU students - 2021/22	-	-	45,000	-	74,407,231
December	Remote blood pressure monitoring (InHealthCare)	-	-	15,000	-	74,422,231
December	Improvements to forensic medical services	-	-	10,200	-	74,432,431
December	Chronic Pain winter support funding	-	-	1,500	-	74,433,931
December	Pre-registration Pharmacist Scheme	-	(11,891)	-	-	74,422,040
December	Community Pharmacy Champions	-	5,000	-	-	74,427,040
December	Primary Medical Services - Telephony Systems	-	-	50,000	-	74,477,040
December	Inequalities projects	-	-	1,954	-	74,478,994

Month	Narrative	Baseline	Earmarked	Non-recurring	AME	Net Running Total
December	Task Force funding to ADPs	-	-	8,896	-	74,487,890
December	Urgent & Unscheduled Care - Interface Care Programme	-	-	35,000	-	74,522,890
December	Discharge without delay - Pathfinder sites	-	-	25,000	-	74,547,890
December	Mental Health & Wellbeing in Primary Care Services	-	53,908	-	-	74,601,798
December	Multi-disciplinary teams	-	-	76,000	-	74,677,798
December	Additional Band 2-4 Staffing	-	-	73,266	-	74,751,064