

NHS Western Isles

Financial monitoring report for the 6 months to 30th September 2018

Introduction

The financial monitoring report provides an overview of the Board's financial position at the end of September 2018. It contains the following sections:

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1. Key Figures and Comments

Overall Position at Month 6	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue						
RRL Allocations	40,002	41,343	(1,341)	87,715	89,215	(1,500)
Expenditure	40,002	41,343	(1,341)	87,715	89,215	(1,500)
Surplus/ (Deficit)	0	0	0	0	0	0
Capital						
Capital Schemes		316		1,637	1,637	0
		316		1,637	1,637	0

- 1.1 This report reflects the spend to date (as recorded in the Board's financial systems) and explains any recurring cost pressures and non recurring cost pressures variances which have arisen in the first six months of the year which are likely to have an impact on our year end outturn.
- 1.2 At 30th September 2018 the Board is showing an in year overspend of **£1,341k** and an out-turn overspend of **£1,500k** after contingency has been applied. The main areas overspend are as follows:

Recurring Cost Pressures

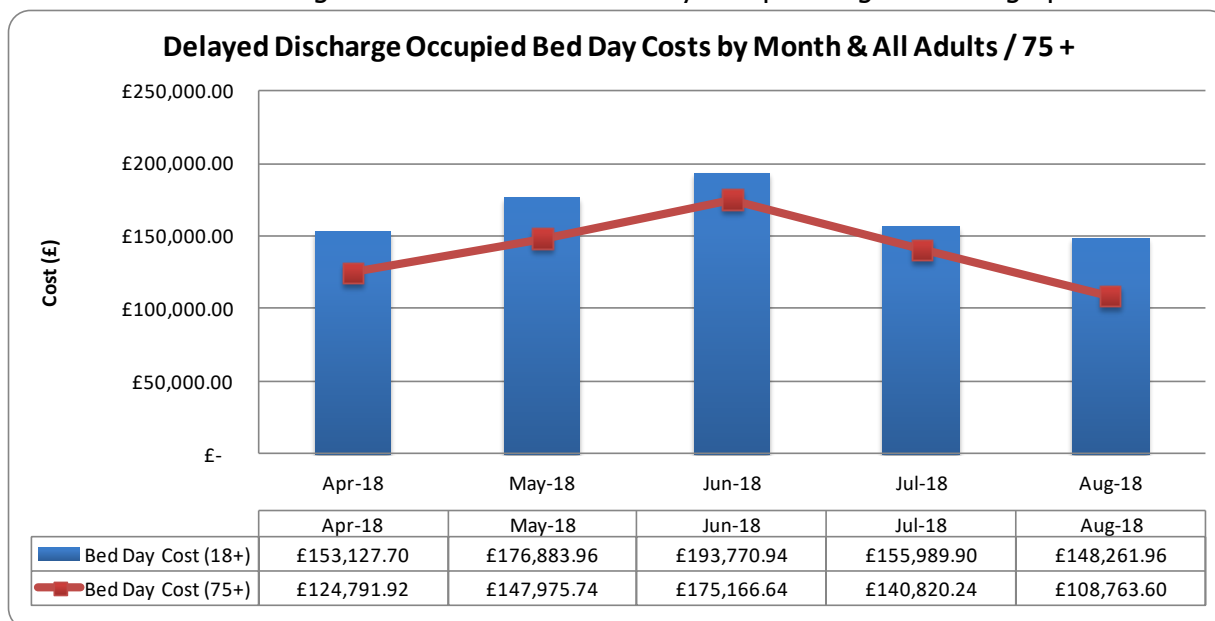
- 1.2.1 The Board has Service Level Agreements (SLA) with mainland Boards. NHS Greater Glasgow in the past has not sought to fully recover costs from NHS Western Isles. NHS Greater Glasgow's financial position in 2018/19 is such that they cannot afford to subsidise activity from other Boards, so they are seeking full recovery of costs. The increase in SLA excluding inflation is **£637k**, although high it is a reduction from 2011/12 when the Board was £976k from parity. The Board will seek to mitigate this cost and increasing costs within the next 3 years by analysing all referrals to ensure they are appropriate and patients are not being referred off island to Glasgow unless absolutely necessary from a clinical perspective.
- 1.2.2 The Board has seen increasing year on year cost pressures relating to both adult and CAMHS off island placements, specifically to private clinics. The projected outturn overspend is **£628k** and could increase if there are any further placements between month 6 and the year end. Each placement as been assessed for likely discharge and many of the placements will continue over the next 3 years at least, with possibility of increased placements coming through. The Board will review placements regularly and seek to ensure all patients are in the most appropriate treatment clinics.
- 1.2.3 There has been a move in recent year to 'Patient Access Scheme' (PAS) drugs for Haematology and Oncology both for patients within Raigmore and for patients treated in NHS Western Isles but drugs purchased from NHS Highland. The cost of these drugs are much higher (there are rebates that do offset some of the cost of

these drugs) than the previous prescribed treatment for Haematology and Oncology. The PAS drugs are generally (although not exclusively) new classes of drugs that specifically target cancer cells and autoimmune cells rather than traditional chemotherapy which has a more indiscriminate approach to cancer treatment. Studies continue to show that targeted treatments improve outcomes and survival rates and reduce the wide range of adverse effects that traditional cancer treatments can have. The Board is showing a projected overspend of **£400k** on these drugs as costs have nearly doubled over the last 2 years. The Board only has data up to month 4 so further analysis will be undertaken on high cost cycles once more information becomes available. The increasing elderly population (44% rise by 2027) will impact on the Board's ability to reduce this cost pressure.

Short term to Medium term cost pressures (1-2 years)

- 1.2.4 There is an in year overspend on Laboratories of **£185k** and a projected overspend of **£296k**. The overspend within the laboratory service partly relates to the Blood Transfusion service. We were expecting the overspend on Laboratories not to be as high as 17/18 as the staffing will become more stable and the Board will need less input from Scottish National Blood Transfusion Service (SNBTS), in supporting the Board. At month 6 there is still instability within the staffing resulting in unavoidable high agency costs. There is also an indication that there is an increased reagent spend from last year and a review is being undertaken to ascertain the reason for the increased use. By 19/20 with the recruitment of a new laboratory manager we are anticipating the majority of the cost pressure to decrease and the budget to come in on target.
- 1.2.5 The utilities budget is projected to overspend specifically with regards to a delay in realising planned energy saving which will not be realised this financial year due to the need to bring a mainland company to fit the exchangers with the consequent delays. We anticipate that by 19/20 the installation works to be undertaken and the saving will be realised. For 19/20 depending on the cost per litre there may be inflationary pressure on the fuel oil budget.
- 1.2.6 There is an in year overspend on GP Prescribing of **£30k** and a yearend overspend projection of **£176k**. This could increase depending on whether the saving on tariffs is achieved (£124k was taken off the Board's prescribing allocation on the back of a predicted £20m Scotland wide reduction in tariff for specific drugs) and the effect of winter pressures. The investment in more effective prescribing will go toward elevating the effect the demographics will have on drugs prescribed through GPs.
- 1.2.7 The hospital pharmacy is overspent **£173k** to date and is projected to overspend **£253k**. The drugs element of the overspend is described in 1.2.3 above. The short term overspend (**£92k**) relates to high cost agency staff covering workload and maternity leave. We expect the workforce overspend to decrease by 19/20.
- 1.2.8 There is a high risk that delayed discharges will continue specifically in the medical wards which will result in higher bank costs to cover the staffing of contingency

beds. At month 6 the projected overspend is **£222k**. As of August 2018 the total delayed occupied bed days was 2,893 at a cost of £828k (using ISD £286.22 indicative cost per occupied bed day). Of the total figure 2,473 were over 75 at a cost of £697k. Figures are shown for the full year up to August in the graph below:



We are working closely with our Social Care colleagues but all care home beds are at full capacity and workforce demographics of the Western Isles means that adult services including homecare and residential care have over 12% of posts vacant. Additionally care home capacity in Stornoway is unlikely before financial year 2020/21 at the earliest.

Vacancies and workforce demographics

- 1.3 The overall population within the Western Isles is expected to drop from the midpoint estimate in 2017 of 26,950 to 24,698 by 2027 and a further predicted decrease to 23,855 by 2037. By 2027 the elderly population (65+) is expected to rise by 44% and the 20-64 age population set to decrease by 17%. This decrease in workforce population has already starting to bite within the NHS and is also affecting the total Health and Social Care Partnership considerably.
- 1.4 The Board has started monitoring vacancies and the effect it will have on the stability of the workforce and the increased cost of providing external locums where internal bank cannot be used. To date there are no restrictions on current vacancy recruitment. The table below shows the vacancies per service area and the number of over 60+ employees within that area.
- 1.5 As can be seen by the table below 11% of funded posts are vacant and 13% of staff in post are over 60.

Month 6						Heads		
Staff in Post		30th September Funded Vacancies	Vac.	Vac.	WTE	Head	Estab.	In post
WTE	Head	Service Area	WTE	Head	Over 60+	Over 60+	Vacancy	60+
125.42	143	Board Admin	15.33	20	11.47	13	12%	9%
13.19	15	Medical Staffing	9.00	9	4.00	4	38%	27%
68.02	84	AHP	2.16	3	2.87	4	3%	5%
55.56	68	Dental	4.00	4	0.60	1	6%	1%
36.08	39	Medical Technical Services	6.51	8	3.00	3	17%	8%
194.99	248	Western Isles Hospital Acute Nursing	15.31	25	28.81	39	9%	16%
42.53	48	Community Hospital Nursing	8.63	11	6.65	8	19%	17%
62.33	75	Community Nursing	3.39	6	11.37	13	7%	17%
43.67	50	Mental Health Nursing	6.63	9	3.47	4	15%	8%
103.35	152	Facilities	13.05	23	19.51	33	13%	22%
59.59	76	Clinical Admin	2.00	2	7.61	10	3%	13%
8.77	11	Other	-	-	-	-	0%	0%
813.50	1,009	Total	86.01	120	99.35	132	11%	13%

Efficiency Savings

- 1.6 The Board's cash efficiency target is £2,222k. Of this total, £538k of the schemes are classed as high risk and include £493k of unidentified schemes. It is estimated that the Board has already achieved savings of £867k, and is on track to achieve £1,788k of the identified schemes over the year as a whole. We anticipate reducing the unidentified savings to zero by year end and are working with senior managers each month to obtain savings.

Contingency Funds

- 1.7 The Board holds at present £1,503k of contingency, of which none has been transferred above the line to services but the outturn position anticipates the entire contingency will be allocated.

Forecast Out turn

- 1.8 The Board is forecasting a **£1,500k** overspend position for the year after application of contingency. The services that are in the Integrated Joint Board (IJB) are projected to be **£1,013k** overspent. Included within the total outturn position is an earmarked reserve of £200k which will reduce the IJB projected overspend outturn to **£813k**. It is still too early to be confident on the outturn of the IJB but the Chief Finance Officer will review outturn figures and reserves to see if there will be a possibility of a further reasonable and appropriate transfer from IJB reserves to offset some of the NHS IJB overspend.
- 1.9 In light of the medium term financial framework published by the Scottish Government the Board over the next few months will prepare a 3 year financial plan to strive to bring the Board back to a break-even position.

Capital

- 1.10 There has been significant unprecedented pressure on the Board's capital budget in recent years, which has presented serious challenges to the Board in programming essential building works and equipment replacement purchases, along with a number of high priority projects that are required. Capital funding availability in recent years mean that NHS Western Isles has deferred many routine schemes in order to redirect resources to fund essential projects only. Many of those previously deferred schemes have now reached a critical stage as over time there has been further deterioration and capital investment is now desperately needed.
- 1.11 The Scottish Government provided the Board with extra funds to allow some of the backlog of deferred projects to go ahead in 17/18, e.g. CDU and CT Scanner but there is still a lot of priority 1 projects/equipment that will have to be deferred to bring the capital programme in on budget.
- 1.12 The Board has received further funding for the heat exchange plate installation which brings the capital allocation to £1,637k. Pressure resulting from the breakdown of the endoscope washers and increased costs relating to CDU means that the capital budget is still under pressure but we are hopeful that some priority 1 projects can still be undertaken this financial year.

2. Income and Expenditure Summary

Sections 2-20 of this report provide further detail on the operational position

Income & Expenditure at Month 6	Year to Date			Full Year Projection			Month 5	
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)	Variance	Change
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
RRL Allocations	40,002	41,343	(1,341)	87,715	89,215	(1,500)	-627	(873)
Expenditure								
Chief Executive	553	570	(17)	2,279	2,273	6	5	1
Head of Finance	1,950	1,949	1	6,011	6,006	5	(3)	8
Director Public Health	910	862	48	2,183	2,171	12	1	11
Head of Human Resources	227	248	(21)	466	490	(24)	(24)	0
Medical Director	3,487	3,861	(374)	6,975	7,517	(542)	(338)	(204)
Nurse Director								0
SOD Management	741	640	101	1,455	1,423	32	24	8
Facilities	2,867	2,995	(128)	5,683	6,006	(323)	(350)	27
Secondary Care	10,449	11,190	(741)	21,533	23,023	(1,490)	(644)	(846)
Chief Officer IJB								0
Primary Care	4,907	4,992	-85	11,949	12,051	(102)	(109)	7
Dental Services	1,396	1,354	42	3,088	3,171	(83)	(64)	(19)
Mental Health Services	1,308	1,349	(41)	2,615	2,593	22	35	(13)
Medical inc GMS/FHS	7,507	7,525	(18)	15,156	15,388	(232)	(230)	(2)
Alcohol & Drugs Partnership	265	312	(47)	642	642	0	1	(1)
Acute Set Aside	3,219	3,496	(277)	5,888	6,506	(618)	(621)	3
Budgets Held Centrally	216	0	216	1,792	(45)	1,837	1,690	147
	40,002	41,343	(1,341)	87,715	89,215	(1,500)	(627)	(873)

- 2.1 The above table shows the Board's overall spending position at the end of Month 6 and year end projection, analysed by Executive lead. Subsequent sections give more detail on each of the lines shown above.

3. Chief Executive

Chief Executive at Month 6	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive Office	494	512	(18)	2,160	2,154	6
Non- Executive Directors	59	58	1	119	119	0
Surplus/ (Deficit)	553	570	(17)	2,279	2,273	6

- 3.1 The above table shows the spending position on the Chief Executive's budgets. There are no major variations by year end.

4. Head of Finance

Head of Finance at Month 6	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Finance Department	453	410	43	1,047	1,001	46
Finance Charges	(164)	(156)	(8)	1,639	1,642	(3)
Capital Grants	0	0	0	0	0	0
Patient Travel	1,661	1,695	(34)	3,325	3,363	(38)
Surplus/ (Deficit)	1,950	1,949	1	6,011	6,006	5

4.1 The above table shows the spending position on the Head of Finance's budgets.

4.2 The Highlands and Islands travel scheme is **£34k** overspent at month 6 and is expected to be **£38k** overspent at year end. The Board is working hard to reduce the need for patients to travel, with a number of initiatives, for example a process by which bad news will be delivered by local GPs rather than in a mainland clinic and Near Me clinics for haematology. We look forward to this being extended to all the oncology pathways in due course.

5. Director of Public Health

Director of Public Health at Month 6	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Public Health	601	575	26	1,528	1,516	12
Health Promotion	309	287	22	655	655	0
Surplus/ (Deficit)	910	862	48	2,183	2,171	12

5.1 The above table shows the spending position on the Director of Public Health's budgets. We are expecting a breakeven position by yearend.

6. Head of Human Resources

Head of Human Resources at Month 6	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Human Resources	227	248	(21)	466	490	(24)
Surplus/ (Deficit)	227	248	(21)	466	490	(24)

6.1 The above table shows the spending position on the Head of Human Resources budgets. There is no major variances to-date and a small overspend due to excess hours to cover sickness and workload.

7. Medical Director

Medical Director at Month 6	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Medical Management	14	15	(1)	28	29	(1)
Medical Consultants exc IJB	1,659	1,730	(71)	3,321	3,417	(96)
Extra Contractual Activity	356	536	(180)	711	965	(254)
Off Island Therapeutics General	625	743	(118)	1,249	1,492	(243)
Unplanned Activity	49	33	16	100	7	93
Information Technology	784	804	(20)	1,566	1,607	(41)
Surplus/ (Deficit)	3,487	3,861	(374)	6,975	7,517	(542)

- 7.1 The medical directors budget is showing an in year overspend of **£374k** at month 6 and a forecast overspend of **£542k**.
- 7.2 There was high agency staff costs against the consultant budget, specifically against anaesthetics and paediatrics which came through in the month of July and August to cover both sickness and holiday this has resulted in a projected overspend of **£96k** for the non IJB specialities.
- 7.3 There is an in year overspend on CAMHS mental health placements of **£88k** and a projected overspend of **£286k**. At month 6 we fully recognised the high risk (after clinical input into the likely discharge date) of the current placements remaining in the off island clinics at least until the financial year end. The projection at month 6 does not include any estimate for possible CAMHS placements between October and March as the risk has been assessed as low. Risk will be reassessed and adjusted on a monthly basis.
- 7.4 There has been a move in recent year to 'Patient Access Scheme' (PAS) drugs for Haematology and Oncology both for patients within Raigmore and for patients treated in NHS Western Isles but drugs purchased from NHS Highland. The cost of these drugs are much higher (there are rebates that do offset some of the cost of these drugs) than the previous prescribed treatment for Haematology and Oncology. The PAS drugs are generally (although not exclusively) new classes of drugs that specifically target cancer cells and autoimmune cells rather than traditional chemotherapy which has a more indiscriminate approach to cancer treatment. Studies continue to show that targeted treatments improve outcomes and survival rates and reduce the wide range of adverse effects that traditional cancer treatments can have. The Board is showing a projected overspend of **£400k** on these drugs as costs have nearly doubled over the last 2 years. The Board only has data up to month 4 so further analysis will be undertaken on high cost cycles once more information becomes available. The increasing elderly population (44% rise by 2027) will impact on the Board's ability to reduce this cost pressure.

8. Nurse Director – SOD Management

- 8.1 The above table shows the spending position on the SOD Management budgets. The underspend in year is due to income being received for projects yet to be complete.

9. Nurse Director – Facilities

Facilities at Month 6	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Hotel Services	1,052	1,002	50	2,122	2,170	(48)
Building and Engineering	934	970	(36)	1,866	1,930	(64)
Utilities	731	856	(125)	1,395	1,606	(211)
Support Services	150	167	(17)	300	300	0
Surplus/ (Deficit)	2,867	2,995	(128)	5,683	6,006	(323)

- 9.1 The above table shows the spending position on facility budgets. These budgets are showing an in year overspend of **£128k** and a yearend overspend of **£323k**.
- 9.2 The utilities budget is projected to overspend by **£211k** specifically with regards to a delay in realising planned energy saving which will not be realised this financial year due to the need to bring a mainland company to fit the exchangers with the consequent delays. We anticipate that by 19/20 the installation works to be undertaken and the saving will be realised. For 19/20 depending on the cost per litre there may be inflationary pressure on the fuel oil budget
- 9.3 The overspend on Hotel services is primarily due to the expectation of vacancies being filled; this will be reviewed at month 7 and reduced if posts are unable to be filled or further vacancies occur.
- 9.4 The projected overspend of **£54k** on Building and Engineering is due to increased contract services costs.

10. Nurse Director – Secondary Care

Secondary Care at Month 6	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
SLAs	3,727	3,889	(162)	8,006	8,767	(761)
Waiting Times - Treatment Costs	214	269	(55)	508	574	(66)
Acute Nursing	2,604	2,709	(105)	5,216	5,247	(31)
Theatre Nursing	898	939	(41)	1,796	1,901	(105)
Laboratory	613	798	(185)	1,226	1,522	(296)
Audiology	79	123	(44)	158	224	(66)
Pharmacy exc IJB	825	961	(136)	1,650	1,874	(224)
Radiology	428	466	(38)	854	837	17
Hospital Admin	723	770	(47)	1,446	1,472	(26)
CAMHS	113	83	30	226	211	15
Speech and Language Therapy	225	183	42	447	394	53
Surplus/ (Deficit)	10,449	11,190	(741)	21,533	23,023	(1,490)

- 10.1 The above table shows the spending position for the Secondary Care budgets. These budgets are showing an in year overspend of **£741k** and an outturn forecast overspend of **£1,490k** (month 5 overspend **£644k**).
- 10.2 There is an in year overspend on Theatre of **£41k** and a projected overspend of **£105k**. The overspend is due to an increase on orthopaedic supplies and the use of an agency OPD, which will be monitored closely.
- 10.3 There is an in year overspend on Laboratories of **£185k** and a projected overspend of **£296k**. The overspend within the laboratory service partly relates to the Blood Transfusion service. We were expecting the overspend on Laboratories not to be as high as 17/18 as the staffing will become more stable and the Board will need less input from Scottish National Blood Transfusion Service (SNBTS), in supporting the Board. At month 6 there is still instability within the staffing resulting in unavoidable high agency costs. There is also an indication that there is an increased reagent spend from last year and a review is being undertaken to ascertain the reason for the increased use. By 19/20 with the recruitment of a new laboratory manager we are anticipating the majority of the cost pressure to decrease and the budget to come in on target.
- 10.4 The hospital pharmacy is overspent **£173k** to date and is projected to overspend **£253k**. The drugs element of the overspend is described in 7.4. The short term overspend (**£92k**) relates to high cost agency staff covering workload and maternity leave. We expect the workforce overspend to decrease by 19/20.
- 10.5 The Board has Service Level Agreements (SLA) with mainland Boards. NHS Greater Glasgow in the past has not sought to fully recover costs from NHS Western Isles. NHS Greater Glasgow's financial position in 2018/19 is such that they cannot afford to subsidise activity from other Boards, so they are seeking full recovery of costs. The increase in SLA excluding inflation is **£637k**, although high it is a reduction from

2011/12 when the Board was £976k from parity. The Board will seek to mitigate this cost and increasing costs within the next 3 years by analysing all referrals to ensure they are appropriate and patients are not being referred off island to Glasgow unless absolutely necessary from a clinical perspective. It is also worth noting that off island Boards adjusted the SLA inflation above budget (RRL base increase of 1.5%) due to the 3% pay award, this added a further £76k pressure to the SLA budget.

- 10.6 The waiting times budget is projected to be **£66k** overspent by year end. This includes a projection relating to the urgent endoscopes being sent off island due to the breakdown of the endoscope washer. The situation will be reviewed again at month 7.
- 10.7 The audiology budget is projected to be **£66k** overspend, this is partially due to agency staff being required to cover sickness. The lack of continuity in staffing is also having an effect on the material and equipment budget with higher than normal purchases being made.

11. Chief Officer – Primary Care

Primary Care at Month 6	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Community Management	106	105	1	480	601	(121)
Community Administration	70	57	13	115	116	(1)
Podiatry	235	245	(10)	468	468	0
Dietetics	88	97	(9)	175	182	(7)
Occupational Therapy	307	332	(25)	615	589	26
Physiotherapy	451	421	30	901	868	33
Community Nursing	1,738	1,654	84	3,485	3,354	131
Community Hospital	1,033	1,028	5	2,066	2,104	(38)
Community Care	879	1,053	(174)	1,759	1,882	(123)
Integration Funds	0	0	0	1,885	1,887	(2)
Surplus/ (Deficit)	4,907	4,992	(85)	11,949	12,051	(102)

- 11.1 The above table shows the spending position for the Primary Care budget at month 6.
- 11.2 There is an in year underspend of **£84k** on Community Hospital Nursing and a projected underspend of **£131k**. Some of the underspend is due to unbudgeted income for specific posts. The underspend is likely to reduce with winter pressures.
- 11.3 The overspend in community management at year end is partial due to an unrealised recurring saving relating to E Health.
- 11.4 The projected overspend of **£123k** under Community Care is due to rates of some patients increasing above budget and includes an under accrual relating to the 17/18 year end placement change.

12. Chief Officer - Adult Mental Health

Adult Mental Health at Month 6	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Mental Health Management	173	179	(6)	347	325	22
Mental Health Consultants	207	181	26	414	357	57
Mental Health Nursing	928	989	(61)	1,854	1,911	(57)
Surplus/ (Deficit)	1,308	1,349	(41)	2,615	2,593	22

12.1 The above table shows the spending position on the Head of Mental Health budgets.

12.2 The overspend in the Mental Health nursing is due to an in year overspend of **£68k** in Clisham and a projected overspend of **£98k**, this is offset by underspends in the CPNs.

13. Chief Officer – Dental Services

Head of Dental Services at Month 6	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Community Dental inc. Oral Health	122	113	9	244	231	13
General Dental Services	1,274	1,241	33	2,844	2,940	(96)
Surplus/ (Deficit)	1,396	1,354	42	3,088	3,171	(83)

13.1 The above table shows the spending position on the Head of Dental services budgets.

13.2 There is a **£83k** overspend year end forecast partly due to the use of locum dentists. The allocation received in July for General Dental Services was reduced by 2% from the previous year, this has reduced the budget by £60k.

14. Chief Officer – Associate Medical Director

Associate Medical Director at Month 6	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Community Medical	125	124	1	250	250	0
GMS	3,134	3,080	54	6,400	6,400	0
GPS - Prescribing	2,820	2,850	(30)	5,637	5,813	(176)
FHS	918	900	18	1,836	1,836	0
Out of Hours	510	571	(61)	1,033	1,089	(56)
Surplus/ (Deficit)	7,507	7,525	(18)	15,156	15,388	(232)

14.1 The above table shows the spending position on the Associate Medical Director budget. There is an in year overspend on GP Prescribing of **£30k** and a yearend

overspend projection of **£176k**. This could increase depending on whether the saving on tariffs is achieved (£142k was taken off the Board's prescribing allocation on the back of a predicted £20m Scotland wide reduction in tariff for specific drugs) and the effect of winter pressures.

- 14.2 Out of Hours is overspent **£64k** in year and is projected to overspend by **£54k** due to the use of agency doctors covering the service.

15. Alcohol and Drugs Partnership

Alcohol & Drugs Partnership at Month 6	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Alcohol & Drugs Partnership	265	312	(47)	642	642	0
Surplus/ (Deficit)	265	312	(47)	642	642	0

- 15.1 The above table shows the spending position on the Alcohol and Drugs Partnership budget. The in year overspend is due to annual payments being made. There are no major variances projected for the year end.

16. Chief Officer – Acute Set Aside

Set Aside at Month 6	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Acute Nursing	1,863	1,959	(96)	3,724	3,915	(191)
SLA - General Medicine	549	549	0	549	549	0
General Medical Consultants	457	465	(8)	914	970	(56)
Pharmacy	157	194	(37)	314	343	(29)
ECR - Adult Mental Health	193	329	(136)	387	729	(342)
Surplus/ (Deficit)	3,219	3,496	(277)	5,888	6,506	(618)

- 16.1 The above table shows the spending position on the NHS Set Aside budget. The set aside budget is showing an in year overspend of **£277k** and a projected overspend of **£618k**.
- 16.2 The set aside budget includes those areas not managed directly by the IJB but the budget falls under the remit of the IJB. The Acute Nursing includes the medical and rehabilitation wards together with A&E. The pharmacy budget relates to the drugs prescribed on wards or community areas within the IJB.
- 16.3 There is an in year overspend on mental health placements of **£136k** and a projected overspend of **£342k**. This is due to continuing adult high cost placements at a private secure unit (a 3rd case has just been admitted). The overspend is partially offset by a transfer of £200k from IJB reserves earmarked at budget setting, shown within contingency. There is however a risk of the overspend increasing if discharge guidance dates are overrun.

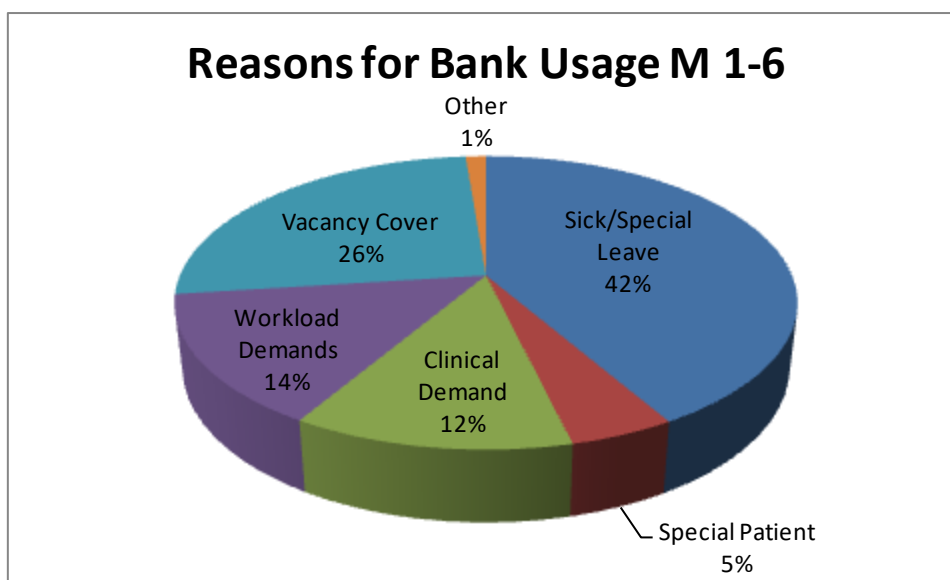
- 16.4 There is a high risk that delayed discharges will continue specifically in the medical wards which will result in higher bank costs to cover the staffing of contingency beds.. At month 6 the overspend is **£96k** but is expected to rise to **£191k** by year end.

17. Bank Staff

- 17.1 The first table shows the cost of the bank for nursing above £1k average per month with vacancies and sick percentages for comparison.

BANK	Period					Vac WTE	Sick %
Ward/ Service > £1k average per month	1-3 £	4 £	5 £	6 £	Total £		
Medical 2 Ward Nursing	38,775	18,536	15,829	16,860	90,000	1.12	5.44%
Clisham Ward Nursing	27,429	24,174	14,751	13,191	79,545	2.49	5.93%
Medical Ward Nursing	16,387	10,885	7,651	5,349	40,273	1.25	6.91%
Erisort Ward Nursing	12,816	4,245	5,790	11,108	33,960	2.22	9.43%
Uists & Barra Hospital Nursing	14,758	7,271	4,836	6,935	33,799	5.69	7.50%
Acute Psychiatric Ward Nursing	12,060	6,606	5,526	7,233	31,425	2.54	8.47%
Barra Nursing	10,290	4,722	1,818	1,640	18,469	2.47	11.21%
Renal Dialysis Unit	11,184	1,307	1,107	2,661	16,259	0.50	0.50%
CSN	4,981	5,767	2,745	2,403	15,895	1.00	6.76%
Comm Nursing Lewis & Harris	4,440	1,005	640	249	6,333	0.60	2.71%

- 17.2 Approximately 26% (27% for Months 1-5) of bank costs are spent covering vacancies and the same for workload and clinical demands but the highest reason for bank use is to cover sickness and other special leave at 42%.
- 17.3 The pie chart below breaks down the reasons why bank staff is used over the first 6 months.



18. Temporary Workforce

- 18.1 In paragraph 1.3 it states that as of 30th September 2018 11% of our established posts are vacant. Some of these posts cannot be replaced by locums when vacant, usually non clinical posts, but the majority of posts are covered by NHS Locums, direct engagement of workers and agency staff. The medical director has put in

place a cohort for medical consultant post that are paid an equivalent rate to a NHS Locum or substantive post holder (these staff are directly engaged but not on NHS Locum rates). Some service areas however are still using agency workers to fill not only vacancies but long term absentees; the cost of these can be double what a substantive post would cost the board. The table below shows the costs for the first 6 months of temporary staff cover with an estimated agency projection.

Month 1-6 Temporary Workers	NHS Locum £	Direct Eng. £	Agency £	Total £	Agency Proj £
Audiology	-	-	28,127	28,127	35,127
Prescribing	-	58,076	-	58,076	-
Administration	-	16,031	2,363	18,394	10,000
Laboratory	-	-	186,475	186,475	219,836
OOH	-	20,424	70,900	91,324	112,000
SLA - Cardiologist	-	8,621	-	8,621	-
Nursing	-	971	15,992	16,963	15,992
Theatre Nursing- ODP	-	-	36,217	36,217	36,217
Waiting Times	33,434	51,524	11,217	96,175	11,217
Dental Clinic	-	24,840	-	24,840	-
Pharmacy	-	-	56,956	56,956	86,956
Radiography	-	-	112,872	112,872	112,872
Physiotherapy	-	-	7,054	7,054	20,054
Medical Consultants	172,083	701,806	219,900	1,093,789	305,080
Junior Doctors	-	20,622	76,456	97,078	110,305
Total	205,517	902,915	824,529	1,932,961	1,075,656

19. Contingency

- 19.1 The Board holds at present £1,503k of contingency none of which to date has been released to services.

20. Revenue Reserve Limit

- 20.1 The total allocation (RRL) at month 5 is £87.715m, this includes the base figure of £73.372m and the family health services non discretionary budgets of £1.836m.

21. Financial Efficiency Plan – action plans to achieve break-even

This action plan was drawn up as part of the 18/19 budget-setting process, and should be viewed as a dynamic plan which will be added to as new schemes are identified. It is actively monitored by the finance team who are working with managers to ensure that there are robust project plans in place, progress against which will be reported to the Corporate Management Team on a monthly basis. The following table shows the agreed actions, lead officers, contribution to savings and progress to date.

Ref.	Month 6	Lead Manager	Total Plan £k	Month 6 target £k	Savings YTD £k	Projected Savings £k	Surplus / (shortfall) / £k	Updated Risk
CE4	CNORIS Efficiencies	Gordon Jamieson	50	25	7	20	(30)	H
MD1	Demand Optimisation	Angus McKellar	20	0	0	20	-	H
ND4	Heat Plate Exchangers	DA Stewart	90	45	0	-	(90)	H
CE2	Efficiencies Sickness Absence - Spread to non IJB areas	All	229	115	115	229	-	M
CE3	Legal Cost - claimed back through CLO Efficiencies	Gordon Jamieson	20	10	10	20	-	M
CE5	Review Taxi Service	All	10	5	5	10	-	M
CE5	Efficiencies in Partnership Working	Gordon Jamieson	100	100	100	100	-	M
DF1	Patient Travel (patient pathways and escorts) estimate needs further analysis	Debbie Bozkurt	183	26	26	183	-	M
IJB3	SCN East frozen ahead of wider redesign	Kathleen MacCulloch	60	30	30	60	-	M
IJB4	Specialist Nursing Redesign	Kathleen MacCulloch	27	14	14	27	-	M
IJB5	Vacant Post CN Westside Band 6 Freeze	Kathleen MacCulloch	35	18	18	35	-	M
IJB6	Vacancy Efficiencies AHPs	Shiela Nicolson	30	15	15	30	-	M
IJB7	Efficiencies Sickness Absence - IJB	Ron Culley	182	91	91	182	-	M

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Ref.	Month 6	Lead Manager	Total Plan	Month target	Savings YTD	Projected Savings	Surplus / (shortfall) /	Updated Risk
			£k	£k	£k	£k	£k	
IJB9	Freeze AHP Lead Band 6	Ron Culley	10	5	5	10	-	M
ND1	Resus Skills Facilitator Bnd 7 - Nurse Training (3 months)	Louise Sullivan	8	8	8	13	5	M
ND3	Increase in Catering income through promotion and increased services	Karen France	20	10	10	20	-	M
ND5	Energy Efficiency Schemes	DA Stewart	20	10	10	20	-	M
ND6	Increasing Laundry business through advertisement	Janice Mackay	50	25	25	50	-	M
DF3	Financial Flexibility	Debbie Bozkurt	49	49	49	49	-	L
CE1	Hold Director Finance vacant	Gordon Jamieson	111	56	56	111	-	L
DF2	Hybrid Mail Savings	Adrian Trevor	18	0	0	18	-	L
PH1	Head of Planning an Development 6 months vacancy freeze	Maggie Watts	23	23	23	23	-	L
PH2	Planning and Development Manager 6 months vacancy freeze	Maggie Watts	20	20	20	20	-	L
PH3	MCN Co-ordinator 6 months vacanct freeze	Maggie Watts	20	20	20	20	-	L
PH4	Development Officer 6 months vacancy freeze	Maggie Watts	20	20	20	20	-	L
HR1	HR Redesign	Jenny Porteous	76	38	38	76	-	L
HR2	EMPL Practitioner	Jenny Porteous	11	0	0	11	-	L
IJB1	School Nurse - 0.3 FTE band 5 (6 months)	Kathleen MacCulloch	5	5	5	5	-	L
IJB2	Health Visitor - 0.2 FTE band 6 (6 months)	Kathleen MacCulloch	5	5	5	5	-	L
IJB8	Disestablish Vacant CHASP PA post	Ron Culley	18	9	9	18	-	L
DS1	Efficiencies in Community Dental Services	Colin Robertson	77	39	39	77	-	L
DS2	Efficiencies in Central/ Local Decontamination	Colin Robertson	43	22	22	43	-	L
DS3	Rental Income from Dental Centre	Colin Robertson	18	9	9	18	-	L

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Purpose: For Assurance

Ref.	Month 6	Lead Manager	Total Plan	Month target	Savings YTD	Projected Savings	Surplus / (shortfall) /	Updated Risk
			£k	£k	£k	£k	£k	
MH1	Mental Health Redesign/ Vacancy Management	Mike Hutchinson	23	12	12	23	-	L
ND2	Residential income opportunities	Janice Mackay	73	37	37	73	-	L
JB10	Increase in Prescribing Rebates	Kirsty Brightwell	50	0	0	50	-	L
JB10	CPN funded by ADP	Mike Hutchinson	41	21	21	41		L
			1,843	930	867	1,728	(115)	
	Unidentified		378	-	-	493	115	H
	Total Cash Savings		2,221	930	867	2,221	-	

21.1 The table above shows that at month 6 the Board has achieved £867k savings against a target of £930k. The Board is projected to achieve £2,221k of the identified cash savings.

22. Risks

There are many potential operational and strategic financial risks faced in achieving the financial plan for 2018/19 presented here.

Operational

- 22.1 The board is still holding a number of delayed discharges the majority of which are awaiting care home placement or social home care packages. This may have a significant impact on the Board's ability to meet the Treatment Time Guarantee, and result in additional costs associated with staffing local contingency beds; mainland treatment as a result of displacement; and patient travel. In addition it could necessitate the urgent transfer of emergency admissions that may otherwise be treated locally. The potential impact in 2018/19 is in excess of **£150k** and the risk is currently rated as medium as action is being taken to address this with local authority partners.
- 22.2 The Laboratory service continues to be at high risk of overspending, with a projected overspend of £293k. There is a reduced medium risk that this may increase further by **£50k** if staffing issues are not resolved.
- 22.3 Year on year mental health placements both for adults and children are increasing. This area is at very high risk of increasing **£100k** above the identified overspend projection at month 6.
- 22.4 The Board has experienced an increase in both volume and costs of oncology and haematology drugs and it is likely the Board will continue to have high costs associated with this area of service. High cost data has been received from NHS Highland but we are analysing the patients as we believe they maybe some duplicate charges. None of the pressures are due to orphan drugs or new medicines. The risk of the OIT increasing further is high and at a cost of **£200k**.
- 22.5 There is a risk of GP prescribing to increase further if for example, certain drugs go on short supply, winter pressures are higher than the average and the £142k saving from the Scottish Government is not achieved. The potential impact is **£150k** and the risk is high.
- 22.6 Although work is underway on a number of initiatives to reduce the need for patient travel, these initiatives need buy in from other Boards medical staff which could cause a delay in implementation. There is also costs associated with the breakdown of the endoscope washes and together the potential impact is **£150k** and is rated as high.
- 22.7 Although the consultant workforce has stabilised through the use of cohorts employed through a direct engagement model this still leaves the consultant work force vulnerable as there are 7 vacancies across the specialities. The potential impact is **£150k** and is rated medium.
- 22.8 The oncology drugs within the pharmacy budget is showing signs of pressure at month 6 and will overspending by year end. The further potential impact is **£100k** and is rated high.

Strategic Risks

- 22.9 The challenges posed by the Financial Efficiency Plan are significant, and the proposed savings may not be achieved in their entirety. Of the cash releasing savings required to break even, **£538k** are currently rated as high risk, although £493k of this relates to savings as yet to be identified.

22.10 NHS Western Isles remains dependent on the continued provision of visiting consultants and networked shared clinical care arrangements. As partner Boards respond to the challenges of increasing demand and delivering the Treatment Time Guarantee (TTG), there is a risk of partner Boards withdrawing from a shared model of care. Short term reprovision could prove costly and also jeopardise delivery of the TTG. In month 6 the Board started sending urgent Endoscopes off island. The risk in 2018/19 is estimated at **£150k** and is rated as High.

22.11 The indicative capital allocation of £1.6m presents challenges as the Board has committed capital schemes of over £1m and high priority schemes that far exceed the remaining monies. The programme will need to be risk-assessed and prioritised, but it is clear that the Board will be at risk of needing to carry out capital works as an emergency which it will not have capital funding for. In this instance revenue funding would have to be transferred to capital, and the cost could be at least **£150k**. The risk is rated as medium.

22.12 Demographics around the increase in the 80+ and the reduction in the workforce population by 2027 could impact on many of our services. This is not going to happen in 2027 but will steadily occur over the coming months and years. The impact of the change in demographics will see the following; higher drugs cost, increased inpatient days, increased laboratory tests and higher use of agency staff to fill vacancies for example. The potential cost pressure would be over **£2m** and is a high risk but phased over a number of years. This year's potential risk is **£150k** and is rated medium as some of the risks are picked up within the risks above.

23. Capital

23.1 There has been significant unprecedented pressure on the Board's capital budget in recent years, which has presented serious challenges to the Board in programming essential building works and equipment replacement purchases, along with a number of high priority projects that are required. Capital funding availability in recent years mean that NHS Western Isles has deferred many routine schemes in order to redirect resources to fund essential projects only. Many of those previously deferred schemes have now reached a critical stage as over time there has been further deterioration and capital investment is now desperately needed.

23.2 The Scottish Government provided the Board with extra funds to allow some of the backlog of deferred projects to go ahead in 17/18, e.g. CDU and CT Scanner but there is still a lot of priority 1 projects/equipment that will have to be deferred to bring the capital programme in on budget.

23.3 The Board has received further funding for the heat exchange plate installation which brings the capital allocation to £1,637k. Pressure resulting from the break-down of the endoscope washers and increased costs relating to CDU means that the capital budget is still under pressure but we are hopeful that some priority 1 projects can still be undertaken this financial year. The Board has spent £316k to-date.

24. Glossary of Terms

Accumulated deficit	The cumulative sum of previous year end overspends (offset by any underspends) which must eventually be recovered.
Allied Health Professionals (AHPs)	Physiotherapists, Occupational Therapists, Speech & Language Therapists, Radiographers, Dieticians, Podiatrists, etc.
Annually Managed Expenditure (AME)	Expenditure, mainly provisions and impairments, which is not part of our "core" RRL and which is subject to review twice a year by SGHSCD. Note that when provisions are realised the cost is taken to revenue.
Capital expenditure	Spending on assets which meet given criteria, generally having a life of more than one year and an individual value of £5k or more or a grouped value of £20k or more.
CHaSCP	Community Health and Social Care Partnership. A formal partnership with Comhairle nan Eilean Siar to provide integrated services to community health and social work clients.
CNORIS	Clinical Negligence and Other Risks Scheme. A risk transfer and financing scheme whereby the cost of losses is shared equitably across NHS boards.
Deferred Income	Allocations received in previous years against future expenditure.
Financial Efficiency Plan	A financial plan which identifies how required cash and non cash efficiency targets, both recurrent and non recurrent, will be achieved.
GPS	General Pharmaceutical Services, i.e. drugs prescribed in the community.
National Procurement (NP)	Part of NHS Scotland which advises and supports boards on procurement matters.
Provision	Money set aside to pay for an anticipated future liability.
Revenue expenditure	Spending on day to day operations.
Revenue Resource Limit (RRL)	Total revenue funding allocated to NHS Western Isles by SGHSCD each year.
Service Level Agreement (SLA)	Formal agreement with an external body for delivery of a specified service.
SGHSCD	Scottish Government Health and Social Care Directorates.
Single Operating Division (SOD)	The Board's operational services, including Community and Hospital services.
Underlying (recurrent) deficit	Long-term continuing spending not supported by ongoing funding.
UNPACS	Unplanned activities. Services provided by other boards where there is no SLA in place.