

NHS Western Isles

Original Budget and Financial Risks for 22/23

1. NHS Scotland Financial Position

- 1.1 The Resource Spending Review was published 31 May 2022 and the high-level financial plans for the Scottish Government for the period 2023-24 to 2026-27. As noted by the Cabinet Secretary, these plans are set within the context of the Ukraine crisis, cost of living pressures, Covid recovery challenges and within the limits of the fiscal framework.
- 1.2 The Spending Review sets out the high-level priorities for the Health and Social Care Portfolio, which include the recovery and redesign of services to increase capacity and deliver financially, environmentally and socially sustainable services. Part of this is the continued provision of essential Covid services, such as building on the success of the Covid vaccinations programme. It emphasises the importance of delivering quality community care services, highlights the Scottish Government's priority to establish the National Care Service and the imperative of addressing inequalities, with a focus on tackling drug related deaths through our National Mission.
- 1.3 Ministers now expect all parts of the public sector to take forward planning for the coming years, identifying clear and deliverable options in order to operate within the parameters set out in the Spending Review. This planning will be used to inform the Scottish Budget later this year, which will continue to be the mechanism by which Portfolio funding levels are confirmed.
- 1.4 Given the challenging financial environment, it is vital that all NHS Boards and Integration Authorities remain fully aligned and engaged with the Health and Social Care priorities set out above and the programmes being taking forward through the Care and Wellbeing Portfolio.
- 1.5 The Government have clearly indicated that Boards have to make a high level of efficiencies to stay within their recurring budget (approx. 5%) and that there is unlikely to be further consequential to help with Covid costs. There is significant work still required to deliver financial balance at a local level and across the Portfolio. It is anticipated that Boards underlying deficits will increase above pre pandemic levels. Correspondence to Chief Executive and Director of Finance has been clear that Financial Planning and Efficiencies are the key to ensure services are sustainable now and in the future. It is expected staff resources will reduce to pre-pandemic levels as non- recurring funds dry up.

2. 22/23 Budget Position and Cash Releasing Efficiency Targets to break-even

- 2.1 As of June 2022 the original budget gap is £4.015m which is 4.36% against the controllable budget. The controllable budget are budgets that are not ring-fenced or are non cash limited. Budgets removed are GMS/FHS/Alcohol & Drugs Partnership and capital charges.

Individual Year's GAP		22/ 23 £'000	Controllable Budget £'000	Savings Target £'000
Expenditure				
Chief Executive		2,723	2,723	119
Director of Finance		6,948	4,585	200
Director Public Health		4,845	4,845	211
Head of Human Resources		1,007	1,007	44
Medical Director	(Inc ECR/UNPACS/OITS)	14,943	14,943	651
Nurse Director				
	SOD Management	1,714	1,714	75
	Facilities	6,856	6,856	299
	Secondary Care	27,482	27,482	1,198
Chief Officer IJB				
	Primary Care in Com Hosp	15,320	15,320	668
	Dental Services	3,144	3,144	137
	Mental Health Services	3,758	3,758	164
	FHS inc GMS/Prescribing	15,258	5,774	252
	Alcohol & Drugs Partnership	679	-	-
	Acute Set Aside above delegated	-	-	-
Budgets Held Centrally				
	General Contingency	500		-
Net Expenditure		105,176	92,150	4,015
Income		(101,161)		
GAP		4,015		

2.2 The level of identified savings are as follows,

Efficiencies	£	%
Direct Service Efficiencies	1,633	40.7%
IJB Reserves/Financial Flexibilities	1,025	25.5%
Unidentified	1,357	33.8%
Total	4,015	

Majority of the efficiencies identified are non-recurring in nature, i.e., vacancies, and the efficiency plan relies on IJB reserves and financial flexibility and although an acceptable method of temporary managing the Board's financial position using these types of non-recurring savings are not at all sustainable. Including in the recurring assumptions are that staff travel will not go back to pre-pandemic levels, this results in only 25% of the identified savings and efficiencies are recurring.

3. Financial Risks to Services Brought Forward

3.1 Although the Board broke even in 21/22 that was with extra Covid, Winter Pressures monies an other non-recurring funding which will not be available in any way close to the levels we have received in the last 2 years. Many services had high underlying deficits which were in full or in part off set by Contingency and or by Reserves, which will not be available in 22/23. A table of 21/22 underlying deficits or at-risk areas are shown in the table overleaf.

Total	Variance Under/(over) £'000	22/23 Risk	Note
Off Island Therapeutics	(684)	H	PACS Drugs/ CF Drugs
Unplanned Activity	(499)	H	Loss of Income/ Higher non SLA activity
Out of Hours	(444)	H	Agency GP and subsistence costs
General Medical Consultants	(177)	H	Agency Consultants
SLAs	(374)	H	Non achievement of savings
Laboratory	(220)	H	Agency Staff
Pharmacy	(140)	H	Increase in Chemo Drugs
Pharmacy - Set Aside	(99)	H	Increase in Medical Drugs
Mental Health Consultants	(422)	H	Agency Consultants
GPS - Prescribing	87	H	High Prescribing offset by Covid Funds
Finance Charges	(175)	M	Increased Depreciation
Hospital Medical non IJB	74	M	Agency Consultants
Extra Contractual Activity Gen	(50)	M	Volatile area high cost procedures
ECR - Adult Mental Health	8	M	Volatile area high cost packages
Utilities	(115)	M	Fuel and Electricity Increase
Support Services	(139)	M	Waste Contract Increases
Waiting Times - Treatment C	(102)	M	Awaiting NR Funding Envelope
Acute Nursing	(83)	M	Increased Bank
Acute Nursing - Set Aside	(56)	M	Increased Bank
Theatre Nursing	(63)	M	High Stock Holding -Risk
Radiology	(33)	M	Agency Staff
Community Hospital Nursing	(148)	M	Agency Staff