

Meeting:	NHS Grampian Board Meeting
Meeting date:	12th September 2024
Item Number:	Item 7
Title:	Update on NHS Grampian Financial Position and Value & Sustainability Programme
Responsible Executive/Non-Executive:	Alex Stephen, Director of Finance
Report Authors:	Alan Sharp, Deputy Director of Finance / Carmen Gillies, Programme Lead - Value & Sustainability

1 Purpose

This is presented to the Board for:

- Discussion
- Assurance

This report relates to a:

- Annual Delivery Plan
- Emerging Issue
- Financial Sustainability

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

- Effective

2 Report summary

2.1 Situation

This report is presented to:

- Enable discussion on the NHS Grampian financial position at month 4 2024/25 (July) and the projected year end position for 2024/25;
- Provide an update on the NHS Grampian approach to financial recovery, including providing detailed information Value & Sustainability Plan, the Scottish Government's "15 Box Grid" and transformation plan
- Enable discussion and agreement on options for further measures that will be required to improve the Board's projected financial position for 2024/25.

2.2 Background

After balancing the revenue financial position for many years, NHS Grampian's financial position has become more challenging in the recent past. There are a number of factors that have been driving this change, including:-

- Demographic changes in our population, with a greater proportion of elderly people and patients presenting with greater acuity and co-morbidities.
- Introduction of new technologies (e.g. TAVI Cardiology procedures, insulin pumps), new medicines (e.g. expensive cancer treatments) or new services (e.g. the Covid vaccination programme).
- Recruitment challenges leading high usage of expensive agency staff.
- Increases in our non-pay costs for items such as energy or rates together with high levels of general inflation not matched by funding increases.
- The need to clear the backlog of service demand caused by the Covid pandemic.
- Pressures on unscheduled care services with capacity challenges in primary care and social care.
- The need to cover a share of the overspends of Integration Joint Boards (IJBs).

The table below outlines NHS Grampian's financial position since the Covid pandemic:-

Year	Position
2019/20	Balanced budget set. Revenue balance achieved but required deferral of planned commitments in the last quarter of financial year.
2020/21	Covid pandemic. Extra funding provided by Scottish Government to meet the level of spend incurred by the Board.
2021/22	Covid pandemic – as for 2020/21.
2022/23	Balanced budget not set for the first time, with a Finance Plan projecting a deficit of £20m. Revenue balance achieved but only due to extra Scottish Government funding provided at the end of the financial year.
2023/24	Balanced budget not set, with a Finance Plan projecting a deficit of £60.6m. Final position was an overspend for the first time of £24.8m. This reflected extra Scottish Government funding provided in the year of £35.5m, contribution to IJB overspends of £7.6m and short term financial recovery measures to achieve the £24.8m deficit. The deficit was covered by Scottish Government brokerage to be repaid once the Board returns to financial balance.
2024/25	0% baseline funding uplift confirmed by Scottish Government (with extra funding to cover pay awards) meaning that all non-pay pressures (drugs, energy, rates, local & national service developments – total non-pay pressures of £15.5m) require to be covered by making new savings. Balanced budget not set with Finance Plan projecting a deficit of £59m (with no allowance for IJB overspends) after savings plan of £35m. Current projected deficit is £82.5m (£67.8m NHSG services & £14.7m contribution to IJB overspends).

As noted above, NHS Grampian was unable to set a balanced revenue budget for this financial year as given the need to Find Balance between clinical, staff wellbeing, financial and prevention priorities a number of proposals which would have provided financial savings were not taken forward due to their likely significant impact on planned care and unscheduled care services. Our financial plan submitted to Scottish Government projected a financial gap of £59 million after achievement of Value & Sustainability savings of £35 million. The Scottish Government has indicated that it expects the Board not to exceed an overspend level of £59 million and to improve on this if at all possible. It has also set the Board a brokerage limit target of £15.3 million. Brokerage is short term repayable financial support. Any deficit above the £15.3 million brokerage level will need to be shown as an overspend in the Board's Annual Accounts for 2024/25.

Under section 12F of the National Health (Scotland) Act 1978, NHS bodies have a statutory duty to breakeven against revenue expenditure. By overspending against the revenue budget this year for the first time, NHS Grampian will not meet this statutory duty. The consequences of this are currently unclear, but may include qualification of the Health Board's Annual Accounts, preparation of a Section 22 report by our external auditors to bring this matter to the attention of the Scottish Parliament and escalation of the Board on the Scottish Government's Support & Intervention Framework for Health Boards.

This report summarises the position at Month 4 (July), provides a forecast through to the end of the financial year and highlights the current and ongoing service pressures. The report also summarises progress with the Value & Sustainability Plan and progress against the Scottish Government's "15 Box Grid" of efficiency opportunities.

Finally the report seeks agreement to progress a further set of measures designed to improve the Board's financial position for the remainder of this year and in future financial years. These measures are required because the size of the projected deficit for the Board continues to be above the level required by the Scottish Government.

2.3 Assessment

Financial Position & Forecast

The Finance Report at 31st July (month 4) is attached at Appendix 2.

The Board is reporting an overspend of £24.7 million on NHS Grampian non-delegated services (i.e. excluding Integration Joint Boards). The level of monthly operational overspend has been stable so far this year at circa £5 million a month. All of the main Portfolios remain significantly overspent. Significant service pressures relating to patient flow have continued since the start of the 2024/25 financial year and are contributing to the level of the overspend.

Financial forecasts are being updated each month. The forecast for the year for NHS Grampian non-delegated services is £67.8 million. This largely reflects a continuation of the year to date trend with an allowance for a level of improved efficiency savings for the remainder of the year compared with the first four months.

In addition, it is now extremely likely that NHS Grampian will need to contribute to overspends in the Aberdeenshire and Moray IJBs as part of the risk share arrangements between the Board and the relevant Councils for meeting IJB overspends. Based on initial projections of their financial positions for 2024/25 a contribution of £14.7 million has been assumed.

These two elements mean that NHS Grampian's total projected overspend for 2024/25 is currently £82.5 million (about 6% of budget). This level of projected overspend is well above the £59 million level expectation of the Scottish Government and highlights that the Board will need to develop and implement further short term savings options in addition to those included in our current Value & Sustainability Plan (see Recovery Plan+ section below). The table below highlights the major overspends and the reasons for the movement:-

Budget Area	2023/24 Outturn (£m)	2024/25 Forecast (£m)	Cost Drivers and Actions undertaken in Bold
Medical Staffing	(19.5)	(17.6)	Agency locums; Junior medical rota non-compliance. Work on reducing locum rates and making rotas compliant
Nurse Staffing	(19.7)	(18.6)	Over establishment of unregistered staff; agency nursing. Reviewing safe staffing levels and reducing agency nursing
Other Staffing	4.9	(0.5)	Vacancy control Weekly Vacancy control panel
Drugs	0.5	0.7	New drugs and increased cost of drugs Switch from branded to generics wherever possible
Medical Supplies & Service Contracts	(16.1)	(19.9)	Inflation; New devices (TAVI & Insulin Pumps); Increases in activity post Covid; Infection control. External diagnostic review of spend
Other Non-Pay	(11.6)	(14.9)	Transport, Postage, Unmet Efficiency Targets Protocols agreed by GAPF
Income	5.0	6.2	Cross boundary agreements; VAT recoveries and review of SLAs
IJB Overspend Contribution	(7.6)	(14.7)	As per Risk Share arrangements Regular review of IJB position by Chief Executive and Director of Finance

Reserves Position	39.3	(3.2)	Receipt of extra Scottish Govt funding in 23/24; Short term cost control measures.
Total	(24.8)	(82.5)	

The Board's forecast overspend of £82.5 million is the largest by value of any Health Board and the fourth highest in % terms. This highlights the scale of the financial challenge facing the Board.

The following table details the current forecast revenue position for the Board with mitigating actions:

	£m
Forecast deficit as per Financial Plan before savings	(94.0)
Savings from Value & Sustainability Plan	34.9
Net Forecast Deficit from Financial Plan	(59.1)
Change to NHSG Non Delegated Forecast Months 1-4	(8.7)
Estimated Contribution to IJB Deficits	(14.7)
CURRENT REVENUE FORECAST	(82.5)
Enhanced Expenditure Controls	6.8 - 8.8
Recovery Plan +	5.8 – 9.2
External Diagnostic Review	TBC
Improved IJB Positions	TBC
Choices on Non-Legally Committed Spend	TBC
REVISED FORECAST AFTER MITIGATING ACTIONS	(64.5) – (69.9)

The table shows that even after assuming a positive impact from mitigating actions the Board is still projecting an overspend total of between £65 - 70 million which is higher than the Scottish Government target. However, it should be noted that further savings may be achievable from actions resulting from the External Diagnostic (see below), decisions which could be made to pause planned expenditure which is not legally committed and if the positions of the Aberdeenshire and Moray Integrated Joint Boards improve on current forecasts.

The Board is at level 2 of the Scottish Government's Support & Intervention Framework due to the financial position. This is a pre formal escalation stage which entails enhanced monitoring of the Board's financial position by the Scottish Government. This involves having formal quarterly meetings and regular informal calls with Scottish Government colleagues. A review of all Boards against the Support & Intervention Framework will take place after Quarter 2 results are submitted in mid-October. Given the Board's deteriorating financial position there is a potential for the Board to be escalated to level 3 which is a formal escalation stage involving enhanced monitoring of the Board by the Scottish Government.

Approach to Financial Recovery

Our approach to financial recovery centres on the following three programmes which are included in our financial recovery framework:

1. Value & Sustainability

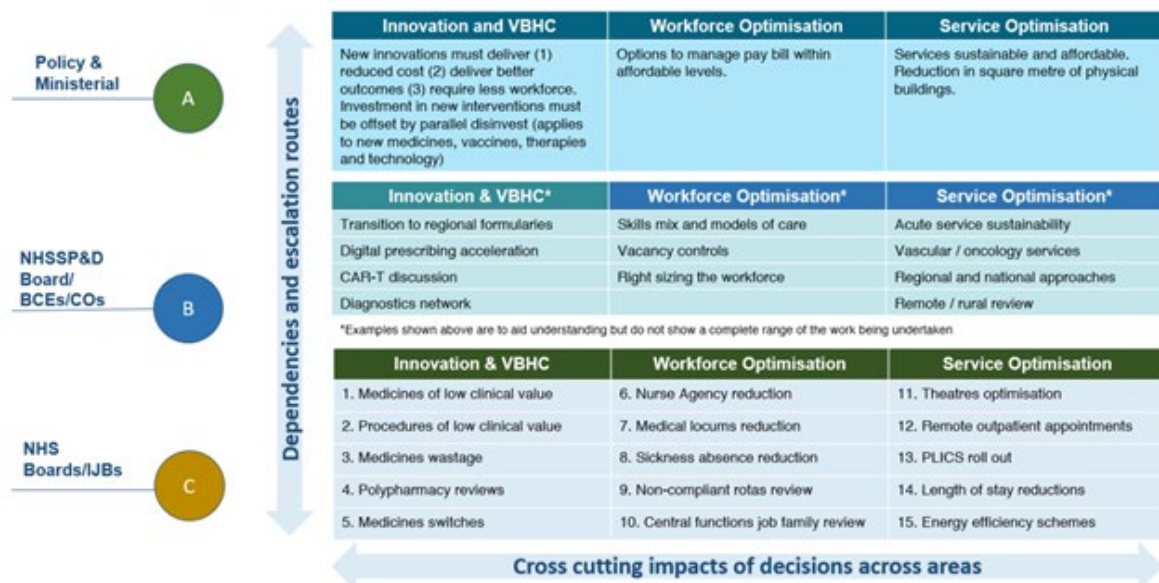
Value & Sustainability (V&S)

The Scottish Government (SG) requested that NHS Boards plan to achieve a minimum of 3% recurring efficiency savings for this year. The V&S programme for 2024/25 has established a number of savings schemes aimed at reducing expenditure by £34.9m this year. The V&S programme reports directly to the Chief Executive Team (CET) as part of the governance framework. The objective of this governance model is to provide control, assurance and oversight across the system to aid collective decision making whilst understanding intended and unintended consequences. A full update on the V&S savings progress is provided in appendix 3 of this report.

Scottish Government “15 Box Grid”

In addition to Boards efficiency plans and in recognition of the challenges ahead and best practice nationally, all NHS Boards have been asked by the Scottish Government to focus on areas outlined in the '15 box grid'. The opportunities are spread across innovation and values-based health care, workforce optimisation and service optimisation as set out below.

Decision Making Levels



The Board is working closely with the Finance Delivery Unit of Scottish Government, to pursue all opportunities that have been identified through the 15 box grid work to release cash savings. However, it should be noted that further initiatives have been introduced to the 15 box grid, with a mandated request from Scottish Government to complete a quarterly self-assessment. NHS Grampians response for Q1 against the 15 box grid can be found in Appendix 4. It should be noted that not all initiatives may be cash releasing as some will be cost containment and or spend to save in the first instance.

Recovery Plan+

As a result of the projected financial position the Board has been requested by Scottish Government to identify further options for making savings in addition to the Value & Sustainability Plan agreed at the start of the financial year.

A number of additional measures are being considered. These are detailed at appendix 5 and fall into two main categories:-

- a) Going further on areas where we are already seeking savings. Examples are implementing measures to produce further savings in bank nursing, overtime, agency medical locums, non-compliant junior medical rotas and vacancy control. These savings are high risk in terms of delivery and measures will need to be assessed for their impact on clinical services.
- b) One off savings through technical accounting adjustments such as minimising the amount of untaken annual leave at the end of the financial year.

It is estimated that if these saving targets are agreed by the Board and delivered that this would provide between £5.8m and £9.2m of additional financial savings by the end of the financial year.

External Diagnostic Review

The Board has commissioned an external diagnostic review with funding for the review provided by the Scottish Government. The review is considering opportunities for savings in the areas of non-pay, contract management, corporate services and indirect tax. The review identified areas where savings may be available. These areas have now been reviewed with the Chief Executive Team and can be grouped into three broad categories:-

- a) Those where there is merit in doing more work at a local level e.g. review of medical supplies procurement arrangements, discretionary spend, catering costs and enhanced contract monitoring on some of our larger contracts.
- b) Those where work will need to be done at a national level to deliver savings e.g. investment on consolidation of laundry services, restructuring of service configurations to deliver VAT savings.
- c) Those where there is not considered to be merit in progressing at this stage e.g. generation of private patient income, use of new Recruitment & Retention Premiums to recruit to hard to fill posts.

The majority of the high value savings identified fell into category B in requiring significant work at a national level. In the meantime work will continue to review the savings which can be delivered locally and the full report will be presented to the next PAFIC committee with summary information being included in the finance update to the Board in October

2. Financial Governance and Control

Review of Internal Controls

An exercise is being carried out to complete the Healthcare Financial Management Association's Self-Assessment Tool on "NHS Financial Sustainability – Are You Getting The Basics Right?". The tool is being completed by a sample of budget managers and Finance staff. The responses will be analysed with a view to making changes to our internal financial controls where this is considered appropriate and will be reported to the Audit & Risk Committee. We have also asked our internal auditors to enhance their focus on our internal control environment to ensure these are operating effectively. This work will also be reported to the Audit & Risk Committee.

Enhanced Budget Monitoring and Financial Reporting

Enhanced budget monitoring has also been implemented, with the Chief Executive and Director of Finance now meeting with all Chief Executive Team members on a regular basis to review the financial performance of their areas. Financial reporting to the Board and to PAFIC is also now being provided in more detail and is standing item on both the Board and PAFIC agendas. It is recommended a monthly drop-in session will be scheduled to provide Board members with the latest financial information and progress on the Transformation Plan referenced below.

Enhanced Financial Controls

A meeting was held in August with Scottish Government representatives to review the Board's financial position for the first quarter of the financial year. A letter covering the points discussed at the meeting and the Scottish Government's expectations of further actions by the Board is at Appendix 1.

The letter also covers the recent emergency spend controls announced by the Scottish Government in August and how these relate to the operation of Health Boards. It states:

These controls reflect the actions the Director General for Health and Social Care asked Board Chief Executives consider earlier this year: vacancy controls; non-essential spend being deferred or avoided; and escalation of levels of delegated authority.

There is a shared obligation across Scottish Government and NHS Boards to consider all remaining spend not legally committed.

It is clear from the letter that the Board is expected to enhance controls around filling vacancies, approving expenditure and committing to projects which are not already legally committed. Measures are being put in place to do this, building on existing procedures for the filling of vacancies, approval of non-pay spend and maximising slippage on budget areas that have not already been committed.

It is estimated that these measures will provide between £6.8m and £8.8m of additional financial savings by the end of the financial year.

3. Transformation Plan

Change in the future is essential in order to deliver the services that our patients require and deserve. Advances in medical technology and treatments together with demographic changes to our population mean that we cannot stand still and continue to deliver pathways of care which cannot be supported in financial or workforce terms. Appendix 6 gives a more detailed context on the need for change, framed around the Board's "Plan for the Future 2022-28".

A service transformation plan to support the "Plan for the Future 2022-28" is currently being prepared and will be presented to the Board at the December meeting.

2.3.1 Quality/ Patient Care

The impact of all financial decisions and proposed savings schemes is assessed at the level of individual services and the Chief Executive Team continue to use our 'finding balance' methodology when assessing savings, which ensures that there is a balance between our three main strands of governance and prevention when making decisions.

2.3.2 Workforce

There are both direct and indirect links between the financial position and staff resourcing. Where relevant, the impact of savings schemes on staffing resources is assessed at an individual service level.

2.3.3 Financial

Scottish Government has recognised the financial pressures on all Boards for 2024/25 and beyond and are providing national support to develop initiatives to reduce the overall cost base. NHS Grampian undertakes a full review of all initiatives proposed at a national level. We will continue to work closely with Scottish Government in seeking to balance operational, financial and workforce pressures.

2.3.4 Risk Assessment/Management

There are a number of financial risks which are being currently managed and are highlighted in the detailed financial monitoring in appendix 2.

Risk assessment and subsequent management of these risks relating to financial performance are recorded on NHS Grampian's risk management system and reviewed on regular basis by the Chief Executive Team.

2.3.5 Equality and Diversity, including health inequalities

An impact assessment has not been completed because it is not applicable.

2.3.6 Other impacts

None.

2.3.7 Communication, involvement, engagement and consultation

The Board has carried out its duties to involve and engage both internal and external stakeholders where appropriate through the following meetings:

- Chief Executive Team – weekly update on financial position.
- Performance Assurance Finance & Infrastructure Committee – finance update is a standing item.
- Monthly reporting to the Scottish Government.

2.3.8 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.

- Performance Assurance Finance & Infrastructure Committee – 28th August 2024.

2.4 Recommendations

The Board is asked to:

- **Note** – that NHS Grampian has a revenue overspend of £24.7 million at the end of July 2024 and a projected revenue overspend for the year of £82.5 million.
- **Note** – the expectation of the Scottish Government that all Boards will take steps to constrain expenditure and new legal commitments for the remainder of the financial year and the approach to financial recovery being taken forward by the Chief Executive Team.
- **Note** – the progress being made in the Value & Sustainability Plan and the work being undertaken to take forward any savings in “15 Box Grid”.
- **Note** – that some recommendations from the external diagnostic review are being considered for implementation and that a full report on the review will be provided to the next meeting of PAFIC and that these savings will be included in the finance report to October Board meeting.
- **Approve** – the actions contained in the Recovery Plan+ that will seek to deliver further savings measures in addition to the Value & Sustainability Plan agreed at the start of the financial year.
- **Agree** – that a service transformation plan to support the “Plan for the Future 2022-28” will be presented to the Board at the December meeting.
- **Agree** – a monthly drop-in session is scheduled for Board members to provide the latest information on our financial recovery and progress on our Transformation Plan.

3 Appendix/List of appendices

The following appendix/appendices are included with this report:

- Appendix 1 - Letter from Scottish Government covering Quarter 1 Financial Review
- Appendix 2 – Finance Report for Month 4 2024/25
- Appendix 3 – Update on Value & Sustainability Plan
- Appendix 4 – Update on “15 Box Grid”
- Appendix 5 – Recovery Plan+ Options
- Appendix 6 – The Context for Change

APPENDIX 1

SCOTTISH GOVERNMENT LETTER – NHS GRAMPIAN QUARTER 1 REVIEW



E: alan.gray2@gov.scot

Adam Coldwells
Interim Chief Executive
NHS Grampian

cc:
Alison Evison, Chair NHS Grampian
Alex Stephen, Director of Finance NHS Grampian

via email

21st August, 2024

Dear Adam

NHS Grampian – Quarter 1 review

Following our recent Quarter 1 meeting I have set out below a summary of our assessment of the financial position for NHS Grampian, the key risks discussed and actions we require to be taken ahead of the Quarter 2 review.

Assessment

At the end of Quarter 1 the Board reported an overspend of £19.6 million and are forecasting a financial deficit of £69.1 million at the year-end. This excludes IJB overspends which I understand could increase the deficit by a further circa £15 million.

Given the deterioration in the forecast position from that set out in the Board's finance plan we require the Board to take immediate action to improve the position. The Board's finance plan was based on a year end deficit **no greater** than £59 million and a commitment to identify further savings to reduce the deficit closer to the brokerage cap.

It is important NHS Grampian progress plans and actions to improve the declining revenue position for 2024-25 and we have set out below the agreed further actions we expect to be progressed.

NHS Grampian are currently at level two of the NHS Scotland Support and Intervention Framework, with this position due for review at the end of Quarter 2.

It is vital the Board continues to work towards the savings target set of at least 3% recurring savings against baseline budget, as well as progressing further non recurrent measures and assessment of difficult choices to bring the position back within acceptable limits. It remains the statutory responsibility of the Accountable Officer to achieve a breakeven position.



Risks

The following key risks were discussed during the review meeting:

- NHS Grampian's forecast deficit has increased to £69.1 million, with this scheduled to increase further with IJB overspends. This is £54.1 million adrift of NHS Grampian's brokerage cap for 2024-25, with plans to improve the forecast position requiring further and urgent development.
- Aberdeenshire and Moray Health and Social Care Partnerships do not currently have plans to operate within financial balance and support will be required from the health board and respective local authority partners. The financial risk to the Board is currently estimated at circa £15 million and we note has been reflected in the Q4 position.

Whilst noting the Board discussion on allocation of funding, we would highlight that NHS Grampian will receive in excess of £350 million capital funding for the new mortuary and the Baird and Anchor projects. These projects have been funded in excess of budget at a time when capital projects across NHS Scotland have been stood down at scale due to the financial challenge facing the portfolio.

Further actions

I note the Board has several levers available to improve the financial position, including recently-identified short term measures, level three choices and ongoing work with KPMG focussed on savings delivery.

NHS Grampian must focus on improving the financial position, including addressing the IJB overspends; I have set out below a set of actions I expect the Board to undertake in order to deliver that position.

- **Path to £59 million forecast deficit** – I would be grateful if you could set out the actions the Board will be implementing to reduce the forecast deficit to at least the £59 million. We would ask that a plan and detailed tracker is submitted by 5 September 2024 for our review.
- **Path to improve deficit thereafter** – in addition to the above plan to recover the finance position, we will also require the Board to set out further actions to reduce the financial gap taking account of the benefits from the KPMG support, the Board's transformation plan and Level 3 Choices. This should be provided before 30 September 2024 and will form a key part of our Q2 review. These further actions would be in line with the commitment that the Board gave to improving the finance position beyond the £59 million deficit.
- **Statement of assurance on financial controls and governance** – I understand the Board is undertaking a financial controls self-assessment and is utilising its audit function to review the financial governance arrangements in operation across the Board. We would be grateful if the outcome of this review and the actions for improvement identified could be shared with us by 30 September 2024.

Expenditure controls

We would encourage all Boards to continue to take account of the additional expenditure control measures communicated by the Director General earlier this calendar year to Accountable Officers. Further guidance may be issued and we would ask that you continue to take all practical steps to defer all non-essential expenditure and apply strict controls over appointments to vacant posts.

Portfolio Financial Position and Emergency Budget Measures

As discussed at the Board Chief Executive meeting of 21 August, the UK Chancellor's statement on 29 July has significantly increased the risks to our Portfolio's financial performance and the wider Government.

In response to this, instructions have been issued to all Scottish Government Directorates to collectively reduce expenditure. A series of emergency spend controls have been re-introduced with immediate effect across Scottish Government. These controls reflect the actions the Director General for Health and Social Care asked Board Chief Executives consider earlier this year: vacancy controls; non-essential spend being deferred or avoided; and escalation of levels of delegated authority.

There is a shared obligation across Scottish Government and NHS Boards to consider all remaining spend not legally committed. We are continuing to actively engage with Ministers and partners on the impact of these measures for Health and Social Care.

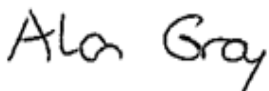
Next Steps

I believe the above provides an accurate reflection of the Quarter 1 review. Colleagues from the FDU, particularly Jack Gillespie as your Board Support Lead, will continue to work closely with you to identify further improvements that can be made and to assess options.

Please note that a review of all NHS Scotland Boards against the NHS Scotland Support and Intervention Framework will take place after the Quarter 2 position is submitted. Guidance was recently issued regarding criteria and assessment of escalation. The actions included in this letter will key in informing any assessment.

I look forward to continuing to work with you and the team in NHS Grampian, and shall be happy to respond to any queries you may have in respect of this letter.

Yours sincerely



Alan Gray
Director of Health and Social Care Finance

APPENDIX 2



Financial Performance Report July 2024

This report covers the financial results for the first four months of the financial year (to the 31st July).

As expected in our Finance Plan, NHS Grampian's financial position is turning out to be more challenging in 2024/25 than it was in 2023/24. The Board has not been able to set a balanced revenue budget for 2024/25, as given the need to Find Balance between clinical, staff wellbeing, financial and prevention priorities a number of proposals which would have provided financial savings were not taken forward due to their likely significant impact on planned care and unscheduled care services. Our financial plan submitted to the Scottish Government projects a deficit in the region of £55 - 60 million for the year after assuming achievement of savings of £35 million. Scottish Government have now advised that they expect NHS Grampian to take all reasonable steps to achieve a maximum level of overspend of no more than £59 million and to improve on this towards the £15.3 million brokerage target if at all possible.

Our current forecast overspend is above the £59 million level after accounting for a contribution to projected overspend levels in Integration Joint Boards (IJBs) which means that there will need to be a continued focus of achieving savings and carefully managing expenditure for the rest of the financial year.

Discussions are continuing on a regular basis with the Scottish Government to review options for improving the financial position without having a significant adverse on key areas of performance. The Board remains at level 2 of the Scottish Government's Support & Intervention Framework due to the financial position. This is a pre formal escalation stage which entails enhanced monitoring of the Board's financial position by the Scottish Government. This involves having formal quarterly meetings and regular informal calls with Scottish Government colleagues. The Board have also commissioned external input to undertake a rapid review exercise to look at the potential for identifying further efficiencies in some areas. Work is progressing well on the review with initial findings due to be presented to the Chief Executive Team on 20th August.

An actual deficit of £24.7 million has been recorded up to the end of July. The overspend for the month of July on Portfolios and other departments was £5.03 million. This is consistent with the last few months and demonstrates that the level of overspend has now stabilised following the high levels seen in the early months of 2024. This is a positive development – stabilising a worsening position is a first step in the Board’s financial recovery but we now need to take further steps to reduce the level of operational overspend below the £5 million a month mark. This will involve implementing all areas of our agreed Value & Sustainability together with maximising any one off savings that become available.

One area that is giving cause for concern is the financial position of the IJBs. The three IJBs all set balanced budgets in advance of the financial year but there is a high probability that two of the three will overspend against their budgets. Under the financial risk share arrangements, NHS Grampian will be required to meet a share of the overspend. Given the high likelihood of overspends occurring we will now need to work closely with IJB colleagues to agree actions that can mitigate the level of overspend on IJB budgets.

In order to meet the Board’s share of potential overspends on IJB budgets further Value & Sustainability proposals will need to be developed and agreed in the form of an additional Financial Recovery Plan. Work has now started to consider areas where further savings can be made.

The detailed forecast for the year has now been updated based on the actual results for July. It shows a projected overspend for the year of £82.5 million, comprising of an estimated £67.8 million overspend of NHS Grampian non-delegated services (a small improvement from the June figure) plus a £14.7 million projected contribution to overspends on IJB budgets. This level of projected overspend is well above the £59 million level expectation of the Scottish Government and highlights that we will need to develop and implement further short term savings options in addition to those included in our current Value & Sustainability Plan.

This report details that NHS Grampian still faces a very challenging financial position. The level of the projected overspend means that there is increased focus on our financial position and that we will need to identify further ways of saving money this year. I am grateful to all staff who are working hard and taking steps to improve the position by using our resources in the most efficient way possible.

Alex Stephen
Director of Finance
13 August 2024



Key Points

- **NHS Grampian was not able to set a balanced revenue budget for this financial year** as given the need to Find Balance between clinical, staff wellbeing, financial and prevention priorities a number of proposals which would have provided financial savings were not taken forward due to their likely significant impact on planned care and unscheduled care services. Our financial plan submitted to Scottish Government projects a financial gap of £55-60 million after achievement of Value & Sustainability savings of £35 million. The Scottish Government has indicated that it expects the Board not to exceed an overspend level of £59 million and to improve on this if at all possible. It has also set the Board a brokerage limit target of £15.3 million. Brokerage is short term repayable financial support. Any deficit above the £15.3 million brokerage level will need to be shown as an overspend in the Board's Annual Accounts for 2024/25.
- **Revenue results to the end of July show an overspend of £24.7 million.** The level of monthly operational overspend has been stable so far this year at circa £5 million a month.
- **All of the main Portfolios remain significantly overspent.** This highlights the size of the financial challenge facing the Board, in that even though the position has stabilised we are still a very long way from operating within our revenue budget. Significant service pressures relating to patient flow have continued during the month of July.
- **It now appears likely that NHS Grampian will need to make a funding contribution to meet overspends on two of the IJB budgets.** The IJBs are experiencing similar levels of financial pressures to the Board. We will work closely with IJB colleagues to agree actions to mitigate IJB overspends for the remainder of the year.

Overview

These results cover the four month period to 31st July 2024.

The results continue to cover services which are directly managed by NHS Grampian. They therefore exclude the services which are delegated to the three Integration Joint Boards. This means that the financial results in this report focus on those services which NHS Grampian still has direct control of. These are principally on the Foresterhill site, Dr Gray's in Elgin, Inpatient Mental Health & Learning Disabilities, non-clinical departments and the Public Health Directorate.

The financial performance of the IJBs is monitored each quarter at meetings between the Chief Executive, Director of Finance, Chief Officers and Chief Finance Officers to assess any potential risks to the NHS Grampian position from overspends against IJB budgets. As noted above, there is now a high probability that NHS Grampian will be required to make funding contributions in 2024/25 to meet overspends for two of the three IJBs. We will require to build the Board's share of IJB overspends into the forecast for the year.

The Board's Financial Plan for 2024/25 was submitted to the Scottish Government in March 2024. The Plan did not set a balanced financial position and projected a deficit for the year of £55-60 million. This level of deficit is based on the assumption that savings of around £35 million can be achieved during the year through the Value & Sustainability Programme.

Financial performance is reported against a revenue break even position.

Key points to note from performance to the end of July are:-

- The results highlight the service pressures being experienced by many areas, which have continued into 2024/25 from the final quarter of the previous financial year. These service pressures in areas like patient flow, planned care and staffing availability translate into financial overspends. As a result, an overspend of £24.7 million has been recorded against the revenue budget for the first quarter. The level of monthly overspend has been consistent for the four months of the year to date, indicating that the Board's financial position has stabilised to a degree.
- Pay budgets are overspent by £12.2 million (5.5%). Funding has continued to be added to budgets to meet the costs of the additional overtime and bank pay relating to the Agenda for Change non-pay reforms.
- The main pressure continues to be on Nurse staffing with an overspend of £6.2 million (7.9%) recorded after four months. Encouragingly, the rate of overspend fell slightly in July. Nurse agency costs showed a small increase in the month but are still 39% down compared to the same period in 2023/24. Reductions have been seen across Medicine & Unscheduled Care, Integrated Specialist Care and Dr Gray's. However, the financial benefit of this reduction continues to be more than offset by increasing bank and permanent nursing costs as a result of increased staff numbers being used, noting that some of this is due to additional bed capacity being opened at Aberdeen Royal Infirmary and also to surge and corridor care capacity being used in a number of areas. Comparing actual Nurse staffing numbers for non-delegated services for the first four of 2024/25 compared to the same period in 2023/24 shows that:
 - Agency nursing has reduced by 55 WTE (a 33% reduction).
 - Bank nursing has increased by 113 WTE (a 24% increase)
 - Permanent nursing has increased by 188 WTE (a 5% increase)
 - Overall nursing numbers have increased by 246 WTE (a 5.7% increase).
- Medical staffing costs also continue to be a pressure area with an overspend of £5.9 million (9.3%) recorded after four months. On a positive note, the level of overspend in July was less than in earlier months with a notable reduction in agency locum costs. Agency locum costs (£4.82 million to date) are now showing a 1% reduction on the same period in 2023/24. Junior Medical banding payments relating to non-compliant rotas (£2.5 million to date) are continuing at high levels with 40 rotas now being classed as non-compliant. Work has taken place to rewrite rotas for the August Junior Medical rotation and 32 of the 40 have been rewritten on a compliant basis, so we will see a significant reduction in spend in August. Monitoring in September will assess whether they remain compliant in practice but investment has been made in additional monitoring resource and a significant number of Clinical Fellow posts to assist with achieving compliant rotas.
- Hospital drug budgets were rebased at the start of the financial year in line with the Budget Setting Forward Look paper produced by Pharmacy and Finance colleagues. Drug costs are now showing a small underspend for the year to date (£234k – 0.7%).

- There are also continuing pressures on medical supplies budgets and maintenance & service contract costs which have continued from previous years, with a £6.6 million overspend after four months. Increasing activity levels for planned care and the delayed impact of high levels of inflation on contract prices is continuing to have an impact on non-pay costs.
- Income budgets are over recovered by £2.0 million. This is mainly due to recoveries of VAT and increased activity on some cross boundary agreements.
- Areas that have recorded the largest overspends after the first four months are:-
 - Integrated Specialist Care Services Portfolio - £6.773 million year to date. The overspend is mainly due to pressure on medical supplies budgets, agency nursing spend, junior medical banding payments and unachieved historical efficiency savings.
 - Medicine & Unscheduled Care Portfolio - £6.379 million year to date. The main areas driving the overspend are nursing numbers in excess of funded establishment (by 18%), continued agency nursing costs and locum use, junior medical banding payments, continued high activity in the TAVI Cardiology service and unachieved historical efficiency savings.
 - Dr Gray's - £4.261 million year to date. Overspends mainly on medical and nurse staffing. Agency locum spend of £2.02 million year to date with continuing vacancies in General Medicine, Anaesthetics and A&E.
 - Corporate Reserves - £3.54 million year to date, reflecting the over commitment of resources that has been built into the financial plan.
- Costs for non-pay aspects of the Agenda for Change pay award have been £2.2 million for the year to date. These comprise of transitional overtime payments and an increase in the bank hourly rate resulting from the Reduced Working Week. Costs to date have been covered from funding provided by the Scottish Government.

Savings Programme

The Scottish Government requested that NHS Boards plan to achieve a minimum of 3% recurring efficiency savings for this year. The Value & Sustainability Programme has put in place a number of savings schemes aimed at reducing expenditure by £34.9 million this year. Progress in the first quarter is shown in the table below:

	£m	£m	Recurring £m	Non Rec £m	Achieved To Date Rec (£m)	Achieved To Date Non Rec (£m)	RAG Status
Savings Measures:-							
Taking More Risk on Reserves	5.9		5.9		0.9	2.0	Green
No Carry Forward of Earmarked Slippage	10.5			10.5		3.5	Green
Hospital Drugs (Medicines Bulletin)	2.3		2.3		0.7		Green
Agency Nursing (£300k per month)	3.6		3.6		1.3		Green
Medical Locums (£200k per month)	2.4		2.4		0.7		Yellow
Junior Doctor Bandings (30% saving)	2.0		2.0				Red
Catering Income Uplift / Reduced Snacks & Over Ordering	0.8		0.8		0.1		Green
Targetted Vacancy Freeze	1.0		0.6	0.4	0.2	0.1	Yellow
Stocktakes / Old POP Orders	2.0			2.0			Yellow
Taxi Spend / Renal Transport	0.5		0.5				Red
HCSW Over Establishment	1.0		1.0				Red
Moray Maternity (SAS Costs)	0.5		0.5				Green
Overtime Reduction	0.3		0.3		0.5		Green
Planned Care Reductions (WLLs & Agency)	1.5		1.5		0.5		Green
e-Payslips	0.1		0.1				Green
Desk Top Printers & MFDs	0.5		0.5				Green
Total Savings - NHSG Non Delegated Budgets		34.9	22.0	12.9	4.9	5.6	

At the end of July we estimate that we have achieved savings of £10.54 million against a target of £10.77 million. Of the savings achieved, £4.88 million have been made on a recurring basis and £5.66 million are non-recurring.

The main savings achieved to date have been in the areas of:-

- No carry forward of slippage on earmarked funding from the 2023/24 financial year (£3.5 million).
- Freeing up of Board Reserves (£2.9 million).
- Agency nursing reduction compared with spend in 2023/24 (£1.3 million).
- Prescribing switches for various hospital drugs (£0.7 million).
- Use of Direct Engagement for agency medical locums (£0.7 million)
- Targeted vacancy control (£0.3 million).

The areas of the Value & Sustainability Programme where savings have not yet been evidenced are:-

- Healthcare Support Worker establishments. Meetings have now been held with senior Nursing colleagues to review opportunities in this area.
- Banding payments for non-compliant junior medical rotas. Position will improve in August as rotas have been redrafted to be compliant following August junior medical rotation.
- Taxi spend.

Risks

There are a number of potential uncovered financial risks that are not fully reflected in our financial plan. They will require to be monitored and managed as the year progresses. The top ones are:-

- Controlling the Rate of Overspending – our financial plan assumes a rate of overspend at Portfolio level of £5 million a month (£60m for the year). There is a risk that service pressures and other unplanned cost increases drive this to a higher level.

- Savings Achievement – there is a risk that we will not be able to achieve the planned level of Value & Sustainability savings for the year. This is because of slippage in the commencement of some schemes together with some schemes being assessed as having a high risk of not delivering the full amount of planned savings.
- IJB Overspends – as already noted, we now expect to have to contribute to overspends in two of the three IJBs. We will continue to work closely with Chief Officers and Chief Finance Officers to agree actions that can mitigate the level of overspending.
- Funding of Agenda for Change Non Pay Reforms – we are in the early stages of implementing the AfC Non Pay Reforms (Reduced Working Week, Regrading of Band 5 Nurses and Protected Learning Time). We do not yet have an accurate estimate of what the eventual costs of the reforms will be, but high level modelling suggests that the £20 million allocation will not be sufficient to meet the full costs. Most of the costs will relate to the Regrading of Band 5 Nurses workstream.

Infrastructure & Backlog Maintenance Programme

The total programme for 2024/25 is £57.3 million.

The main capital allocation is £13.4 million but we also have additional sources of capital funding from specific Government funding for the Baird & Anchor project (£31.0million), Radiotherapy Equipment (£6.3 million) and a range of other smaller funding sources (£6.6 million).

Significant planned commitments for 2024/25 are £31.0 million on the Baird Family Hospital & Anchor Centre, £8.6 million on medical and other equipment, £6.0 million for Linac and PET scanner replacements and £5.8 million on backlog maintenance projects.

£8.0 million of expenditure has been incurred for the first four months across all aspects of the Infrastructure programme.

NHS

Grampian

FINANCIAL SUMMARY

FOUR MONTHS ENDED 31 JULY 2024



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- Page 12 Waiting Times Plan
- Page 13 Movement in Actual Position & Projections

FINANCIAL YEAR 2024/25

NHS GRAMPIAN DIRECTLY CONTROLLED FINANCIAL POSITION : EXECUTIVE SUMMARY



Overspend of £24.659m for the four months ended July 2024.

Pay overspend of £12.243m



Non-pay budgets overspend of £14.472m

FHS reporting breakeven position.

Over-recovery on income of £2.060m



Major overspending areas are MUSC Portfolio (£6.38m), Dr Grays (Moray Portfolio) (£4.26m),

ISCS Portfolio (£6.773m), Family Portfolio (£1.918m) and Infrastructure and Sustainability (£1.152m).



Capital spend of £7.986m against the 2024/25 total programme of £57.502m

FINANCIAL PERFORMANCE JULY 2024

INCOME & EXPENDITURE ACCOUNT FOR THE FOUR MONTHS ENDED 31 JULY 2024

	JULY			FINANCIAL YEAR			REVISED ANNUAL BUDGET £'000	FULL YEAR FOREC'T £'000
	BUDGET £'000	ACTUAL £'000	VARIANCE £'000	BUDGET £'000	ACTUAL £'000	VARIANCE £'000		
NHS Directly Controlled								
Pay	56,696	59,097	(2,401)	223,993	236,236	(12,243)	655,954	703,414
Non - Pay	25,095	28,554	(3,459)	99,677	114,149	(14,472)	354,037	374,377
FHS Expenditure	7,572	7,590	(18)	30,494	30,498	(4)	92,964	92,964
Other Income	(12,734)	(13,580)	846	(47,135)	(49,195)	2,060	(138,923)	(138,923)
Total Costs	76,629	81,661	(5,032)	307,029	331,688	(24,659)	964,032	1,031,832
H&SCP Delegated Budgets								
Pay	18,128	18,128		74,342	74,342		212,510	221,771
Non - Pay	11,952	11,952		43,284	43,284		126,435	131,874
FHS Expenditure	19,560	19,560		77,755	77,755		235,791	235,791
Other Income	(1,563)	(1,563)		(6,023)	(6,023)		(15,982)	(15,982)
Total Costs	48,077	48,077		189,358	189,358		558,754	573,454
Total Resources								
SEHD Allocation	(130,239)	(130,239)		(507,595)	(507,595)		(1,522,786)	(1,522,786)
Net Surplus / (Deficit)	(5,533)	(501)	(5,032)	(11,208)	13,451	(24,659)		(82,500)

See narrative report for explanation of budget variances

NHS GRAMPIAN
SECTOR FINANCIAL POSITIONS FOR THE FOUR MONTHS ENDED 31 JULY 2024

INCOME & EXPENDITURE ACCOUNT FOR THE FOUR MONTHS ENDED 31 JULY 2024	TOTAL ANNUAL BUDGET	OTHER INCOME			EXPENDITURE						TOTAL		TOTAL	TOTAL
	£000	Budget £000	Actual £000	Variance £000	Pay Budget	Pay Actual	Pay Variance	Non-Pay Budget	Non-Pay Actual	Non-Pay Variance	Total Variance	Variance as % of Spend Budget	Prior Month Variance 2024/25	Improvement / (Deterioration)
					£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
NHS DIRECTLY CONTROLLED														
INTEGRATED FAMILY PORTFOLIO	83,374	(2,487)	(2,445)	(42)	28,799	29,935	(1,136)	3,805	4,545	(740)	(1,918)	(5.9%)	(1,427)	(491)
INTEGRATED SPECIALIST CARE SERVICES PORTFOLIO	311,406	(10,203)	(10,609)	406	86,566	89,168	(2,602)	36,238	40,815	(4,577)	(6,773)	(5.5%)	(5,181)	(1,592)
MEDICINE & UNSCHEDULED CARE PORTFOLIO	129,828	(4,004)	(3,905)	(99)	33,267	37,580	(4,313)	16,713	18,680	(1,967)	(6,379)	(12.8%)	(4,579)	(1,800)
DR GRAYS (MORAY PORTFOLIO)	37,733	(565)	(560)	(5)	11,024	14,919	(3,895)	2,244	2,605	(361)	(4,261)	(32.1%)	(3,176)	(1,085)
MENTAL HEALTH & LEARNING DISAB	45,585	(2,243)	(2,839)	596	16,191	17,551	(1,360)	1,387	1,627	(240)	(1,004)	(5.7%)	(814)	(190)
PHARMACY SERVICES	34,636	(789)	(743)	(46)	1,241	1,099	142	10,622	10,595	27	123	1.0%	92	31
PUBLIC HEALTH	9,581	(205)	(197)	(8)	3,261	3,271	(10)	258	239	19	1	0.0%	4	(3)
CENTRALLY MANAGED DENTAL SERVS	39,894	(3,058)	(3,071)	13	431	453	(22)	15,781	15,787	(6)	(15)	(0.1%)	(1)	(14)
NON CLINICAL SERVICES Less Disposals (NOTE 2)	153,013	(6,740)	(7,564)	824	42,852	42,165	687	23,404	26,748	(3,344)	(1,833)	(2.8%)	(1,432)	(401)
NHS RETAINED PRIMARY CARE (NOTE 1)	13,554					2	(2)	4,406	4,415	(9)	(11)	(0.2%)	9	(19)
SERVICE PURCHASING	(19,007)	(14,830)	(15,396)	566				8,355	8,539	(184)	382	4.6%	16	366
AME PROVISIONS	7,643							203	203			0.0%		
CORPORATE RESERVES	71,015							(3,542)		(3,542)	(3,542)	100.0%	(3,542)	
NHSG CAPITAL CHARGES	35,773							11,455	11,455			0.0%		
OPERATIONAL PROVISIONS	10,004	(2,012)	(1,867)	(145)	360	95	265	(1,158)	(1,605)	447	567	(71.1%)	411	156
TOTAL NHS DIRECTLY CONTROLLED	964,032	(47,136)	(49,196)	2,060	223,992	236,238	(12,246)	130,171	144,648	(14,477)	(24,663)	(7.0%)	(19,620)	(5,043)
H&SCP DELEGATED BUDGETS														
ABERDEEN CITY H&SCP	231,278	(3,389)	(3,389)		29,017	29,017		52,262	52,262					
ABERDEENSHIRE IJB	231,635	(1,189)	(1,189)		27,646	27,646		53,197	53,197					
MORAY INTEGRATED JOINT BOARD	95,844	(959)	(959)		17,128	17,128		16,577	16,577					
TOTAL H&SCP DELEGATED BUDGETS	558,757	(5,537)	(5,537)		73,791	73,791		122,036	122,036			0.0%		
Total NHS Grampian	1,522,789	(52,673)	(54,733)	2,060	297,783	310,029	(12,246)	252,207	266,684	(14,477)	(24,663)	(4.5%)	(19,620)	(5,043)

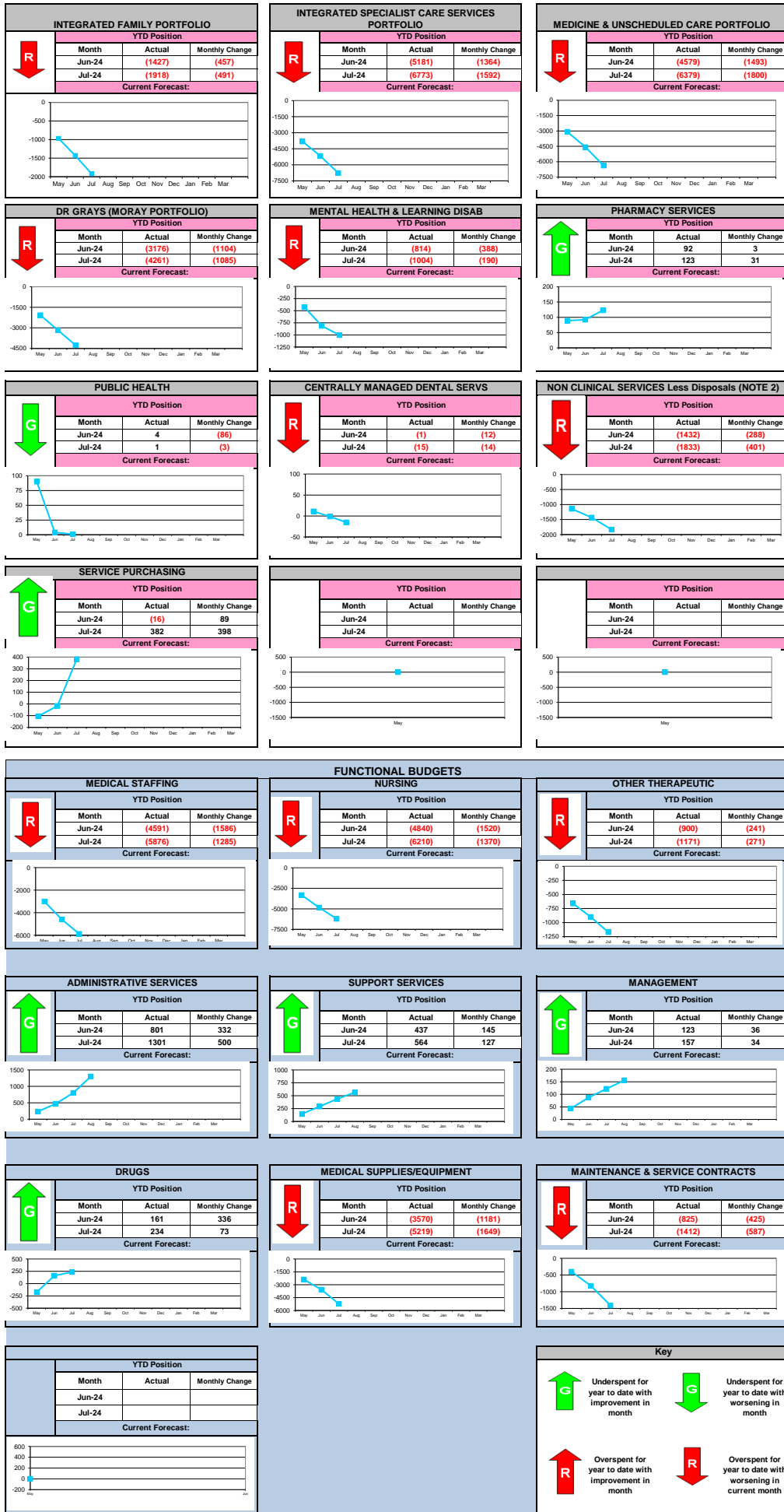
Note 1: These FHS funding streams are largely non-cash limited.

Note 2: Departmental variances are as follows :- Infrastructure and Sustainability £1.152m overspend; R&D £27k underspend; Finance, Performance and Procurement £130k underspend; Digital Directorate £386k overspend; Corporate Communications £80k overspend; Chief Executive £57k underspend; Workforce £187k overspend; Planning, Innovation and Programmes £12k underspend; Corporate Admin Services £54k underspend; Corporate HR £172k overspend; Medical Management £8k underspend; NMAHP Directorate £86k underspend; Corporate Finance £298k overspend.

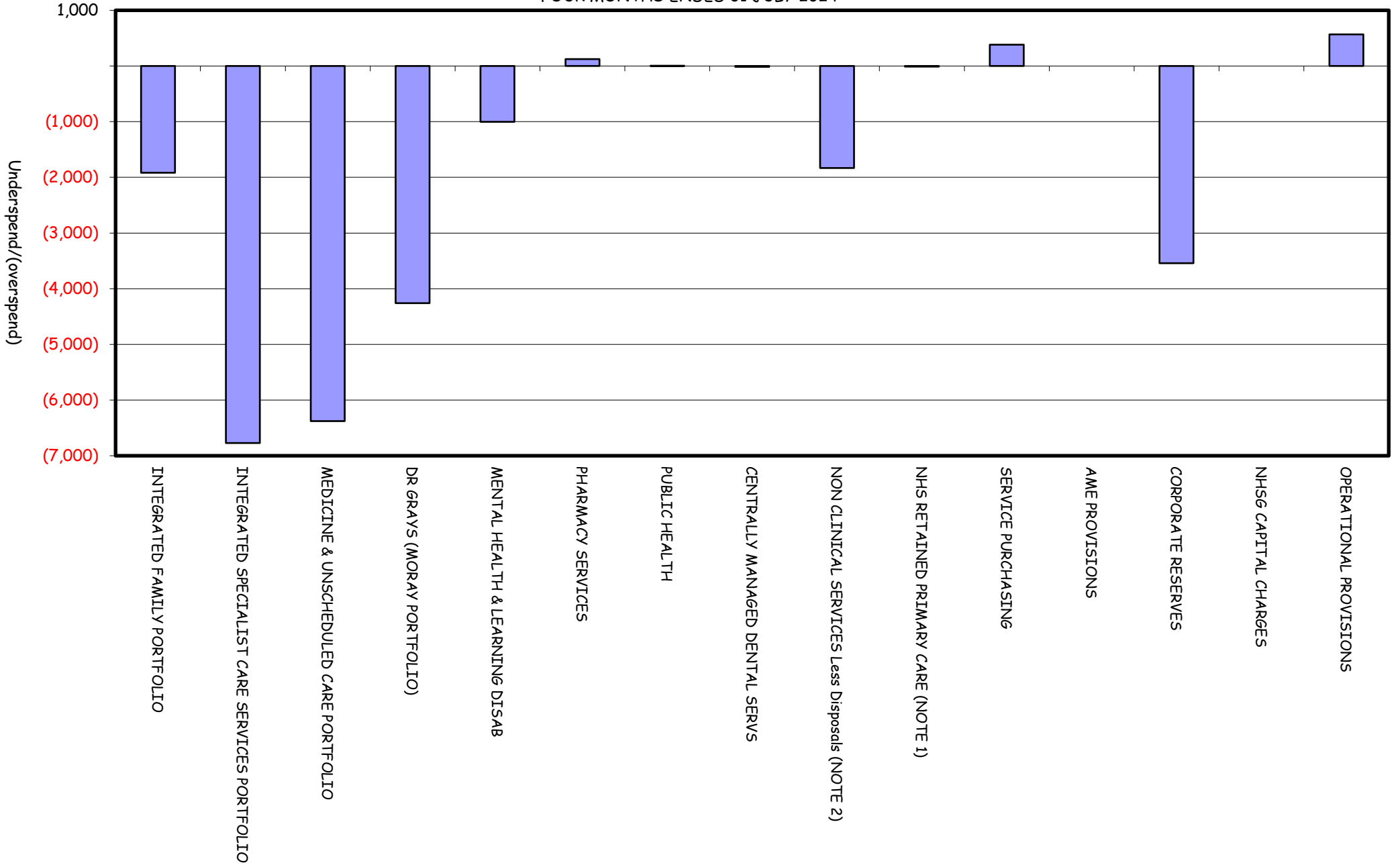
See narrative report for explanation of budget variances

NHS GRAMPIAN DIRECTLY CONTROLLED AT A GLANCE SUMMARY - JULY 2024

Achieving Financial Balance



NHS GRAMPIAN
 CUMULATIVE EXPENDITURE VARIANCES TO DATE
 FOUR MONTHS ENDED 31 JULY 2024



**NHS GRAMPIAN DIRECTLY CONTROLLED
EXPENDITURE BY FUNCTIONAL AREA
FOUR MONTHS ENDED 31 JULY 2024**

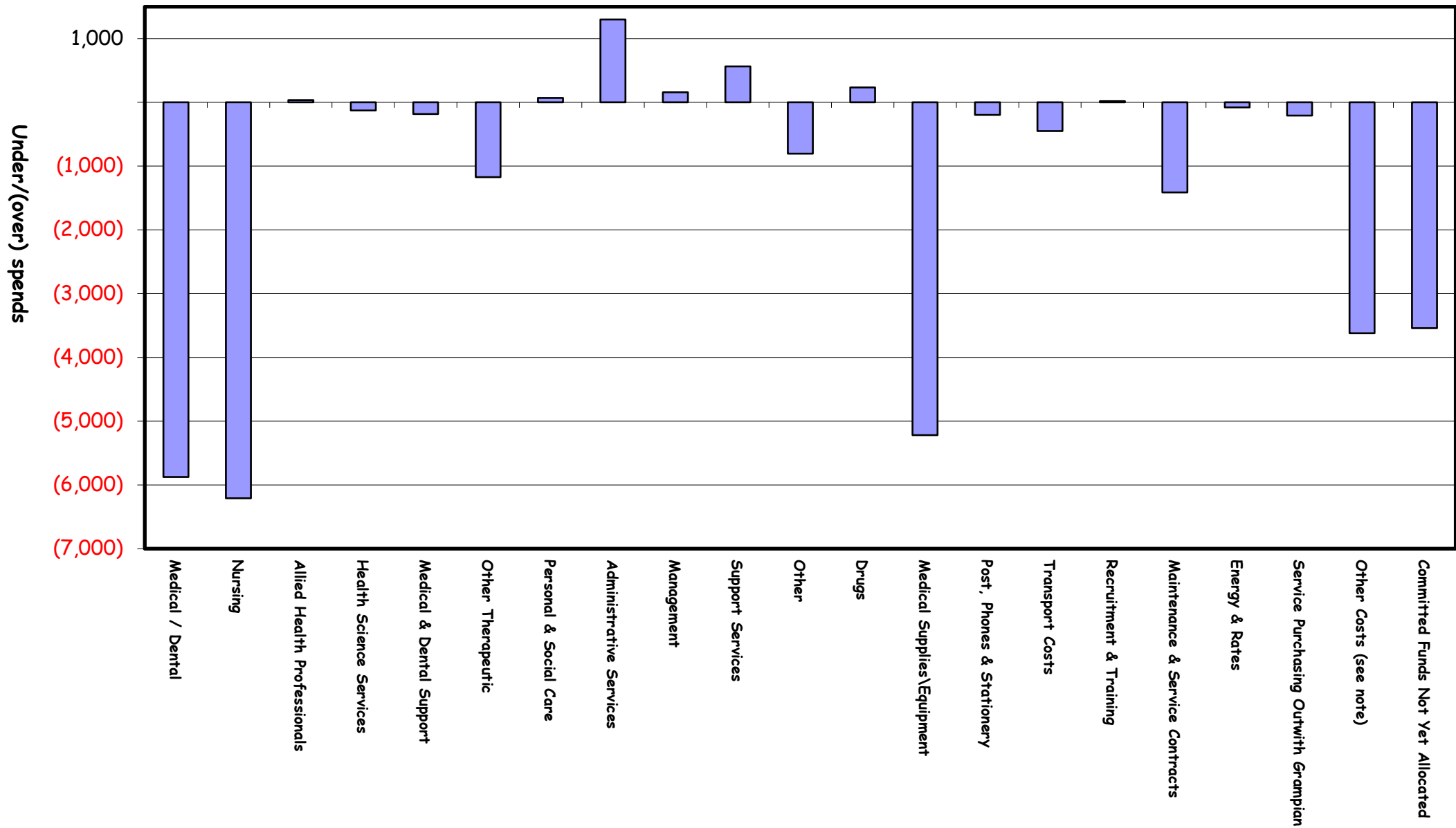
	Annual Budget				Variance %
	£000	Budget £000	Actual £000	Variance £000	
Pay Expenditure					
Medical / Dental	187,377	63,172	69,048	(5,876)	-9.3%
Nursing	230,562	78,767	84,977	(6,210)	-7.9%
Allied Health Professionals	30,989	10,574	10,539	35	0.3%
Health Science Services	27,873	9,571	9,698	(127)	-1.3%
Medical & Dental Support	8,272	3,005	3,187	(182)	-6.1%
Other Therapeutic	19,587	7,088	8,259	(1,171)	-16.5%
Personal & Social Care	2,405	807	735	72	8.9%
Administrative Services	81,436	28,233	26,932	1,301	4.6%
Management	3,281	1,122	965	157	14.0%
Support Services	66,418	22,363	21,799	564	2.5%
Other	(2,245)	(710)	95	(805)	113.4%
Total Pay	655,955	223,992	236,234	(12,242)	-5.5%
Non-pay expenditure					
Drugs	75,050	33,992	33,758	234	0.7%
Medical Supplies/Equipment	59,797	21,655	26,874	(5,219)	-24.1%
Post, Phones & Stationery	2,754	927	1,124	(197)	-21.3%
Transport Costs	3,556	1,276	1,725	(449)	-35.2%
Recruitment & Training	8,130	2,915	2,895	20	0.7%
Maintenance & Service Contracts	13,154	4,622	6,034	(1,412)	-30.5%
Energy & Rates	20,133	13,610	13,687	(77)	-0.6%
Service Purchasing Outwith Grampian	36,299	7,662	7,869	(207)	-2.7%
Other Costs (see note)	22,055	5,104	8,727	(3,623)	-71.0%
Committed Funds Not Yet Allocated	71,015	(3,542)		(3,542)	100.0%
Total non-pay	311,943	88,221	102,693	(14,472)	-16.4%
Capital Charges	42,094	11,455	11,455		0.0%
FHS Expenditure	92,964	30,494	30,498	(4)	0.0%
Total NHS Grampian	1,102,956	354,162	380,880	(26,718)	-7.5%

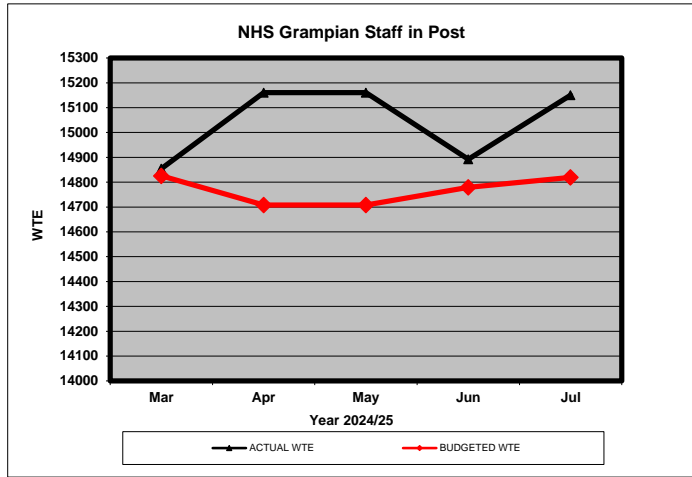
See narrative report for explanation of budget variances

Note: Functional headings include a proportionate share of CRES & underspend targets.

**Other costs include items such as catering, cleaning, & laundry supplies:
professional fees: insurance costs; negligence costs and uniforms**

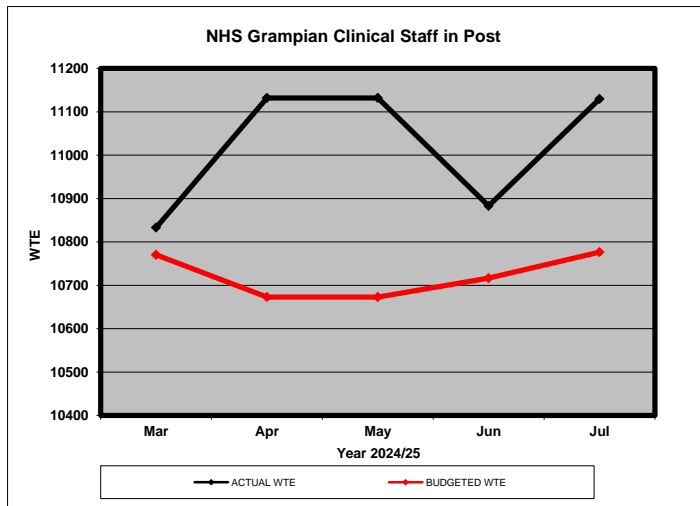
**NHS GRAMPIAN DIRECTLY CONTROLLED
CUMULATIVE EXPENDITURE VARIANCES TO DATE
THREE MONTHS ENDED 31 JULY 2024**





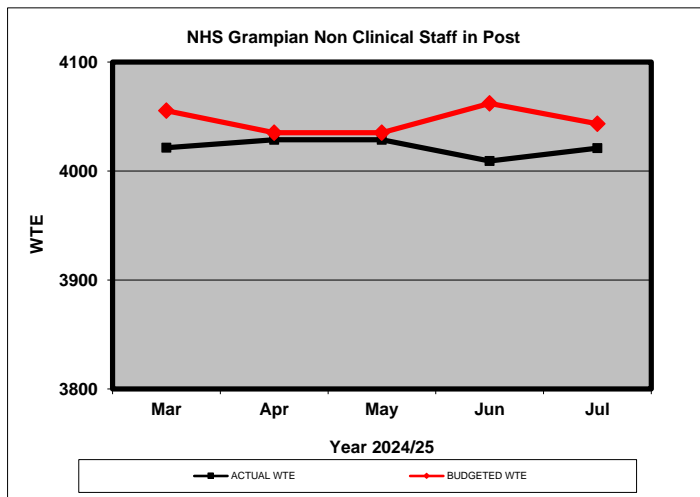
Month	Staff In Post	Net Funded Establishment	Variance
Mar	14,854	14,826	(29)
Apr	15,160	14,708	(452)
May	15,160	14,708	(452)
Jun	14,892	14,779	(113)
Jul	15,151	14,820	(331)
Aug	0	0	0
Sept	0	0	0
Oct	0	0	0
Nov	0	0	0
Dec	0	0	0
Jan	0	0	0
Feb	0	0	0
Mar	0	0	0

() = Excess over funded establishment



Month	Staff In Post	Net Funded Establishment	Variance
Mar	10,833	10,770	(63)
Apr	11,132	10,673	(459)
May	11,132	10,673	(459)
Jun	10,883	10,717	(166)
Jul	11,130	10,776	(353)
Aug	0	0	0
Sept	0	0	0
Oct	0	0	0
Nov	0	0	0
Dec	0	0	0
Jan	0	0	0
Feb	0	0	0
Mar	0	0	0

() = Excess over funded establishment



Month	Staff In Post	Net Funded Establishment	Variance
Mar	4,021	4,055	34
Apr	4,029	4,035	6
May	4,029	4,035	6
Jun	4,009	4,062	53
Jul	4,021	4,043	22
Aug	0	0	0
Sept	0	0	0
Oct	0	0	0
Nov	0	0	0
Dec	0	0	0
Jan	0	0	0
Feb	0	0	0
Mar	0	0	0

() = Excess over funded establishment

NOTE :- Figures for WTE include amounts taken from NHSG payroll plus bank and agency nursing and locum / agency medical staff.

BUDGETED WTE VERSUS ACTUAL WTE

AS AT 31 JULY 2024

BY OPERATIONAL AREA

Area	Budgeted Average YTD WTE	Actual Average YTD WTE	Variance Average YTD WTE
Family Portfolio	1,212	1,245	(33)
Surgery, CSS & Performance Portfolio	3,818	3,804	14
Unscheduled Care & Medicine Portfolio	1,401	1,570	(169)
Dr Grays & Moray Portfolio (Exc. Moray IJB)	494	565	(71)
Mental Health & Learning Disab	949	989	(41)
Non Clinical Services	2,724	2,678	46
Public Health	144	147	(4)
Primary Care	34	30	3
Pharmacy Services	51	55	(4)
Centrally Managed Dental Servs	22	18	3
NHS Retained Primary Care	0	0	0
Total NHS Directly Controlled	10,849	11,103	(255)
Aberdeen City H&SCP	1,646	1,681	(36)
Aberdeenshire H&SCP	1,455	1,491	(36)
Moray H&SCP	805	815	(10)
Total H&SCP Delegated Budgets	3,906	3,988	(82)
Total	14,755	15,091	(336)

Budgeted July WTE	Actual July WTE	Variance July WTE
1,222	1,247	(25)
3,825	3,825	(0)
1,411	1,597	(186)
493	560	(67)
956	991	(35)
2,758	2,664	94
149	149	0
34	29	4
50	51	(1)
22	18	3
0	0	0
10,919	11,132	(214)
1,653	1,720	(67)
1,449	1,488	(39)
800	810	(10)
3,901	4,018	(117)
14,820	15,151	(331)

BY STAFF GROUP

Staff Group	Budgeted Average YTD WTE	Actual Average YTD WTE	Variance Average YTD WTE
Medical	1,699	1,668	31
Nursing	6,417	6,855	(438)
Administrative Services	2,255	2,274	(19)
AHPs	1,189	1,117	72
Health Scientists	503	499	4
Medical & Dental Support	278	295	(18)
Other Therapeutic	571	579	(8)
Personal & Social Care	54	54	(0)
Management	39	37	2
Support Services	1,772	1,703	69
Other	(21)	9	(30)
Total	14,755	15,091	(336)

Budgeted July WTE	Actual July WTE	Variance July WTE
1,697	1,650	47
6,465	6,935	(470)
2,255	2,263	(8)
1,187	1,117	70
506	500	6
281	293	(13)
583	580	3
57	53	5
38	37	1
1,770	1,712	58
(20)	10	(30)
14,820	15,151	(331)

NHS GRAMPIAN
INFRASTRUCTURE AND BACKLOG MAINTENANCE PROGRAMME SUMMARY
CAPITAL REPORT TO 31ST JULY 2024

	REVISED BUDGET	SPEND YEAR TO DATE	BALANCE REMAINING	
	£000	£000	£000	
MEDICAL EQUIPMENT	10,939	437		Replacement Medical Equipment
IT	1,233	528		Hardware
OTHER EQUIPMENT	2,123	652		Facilities & Estates Equipment inc Vehicles
BACKLOG MAINTENANCE & STATUTORY STANDARDS	9,207	796		Investment in a wide range of Backlog Maintenance, Statutory and Environmental Standards
MAJOR HOSPITAL SCHEMES	31,000	4,871		Baird Family Hospital/Anchor Centre
PRIMARY AND COMMUNITY CARE	387	199		Denburn Security & Primary Care Premises Grants
OTHER	2,613	503		Greenspace Project, Capital Programme Contingency & Staffing Resource
TOTAL CORE PROGRAMME	57,502	7,986		
GP LOANS (NON CORE SG FUNDING)				
GRAND TOTAL CORE AND NON CORE	57,502	7,986	49,516	

The total funding available for 2024/25 is £57.5M, which represents no material change on the previous month.

The £57.5M resource consists of the following: Core Capital Resource Limit from SG of £13.4M and specific SG funding for the following: Baird/Anchor project of £31M, Radiotherapy/PET Equipment £6.3M, Slippage in 23/24 of £4.25M returned from SG and LIMS System £0.65M. In addition there are estimated charitable donations of £0.5M and revenue budget in support of infrastructure investment of £1.4M.

Key commitments for 2024/25 include; Baird & Anchor Project £31M, Link Building Backlog Maintenance £2.3M, Linear Accelerator replacement £3.5M, PET Scanner replacement £2.5M, Medical and other equipment £8.6M, Estates Backlog Maintenance Projects £5.8M, Fire compliance work £1M, Forensic Unit Improvements £0.5M and CDU Improvements £0.5m.

Expenditure for the 4 months to the end of July totals £8M across all aspects of the Infrastructure Programme.

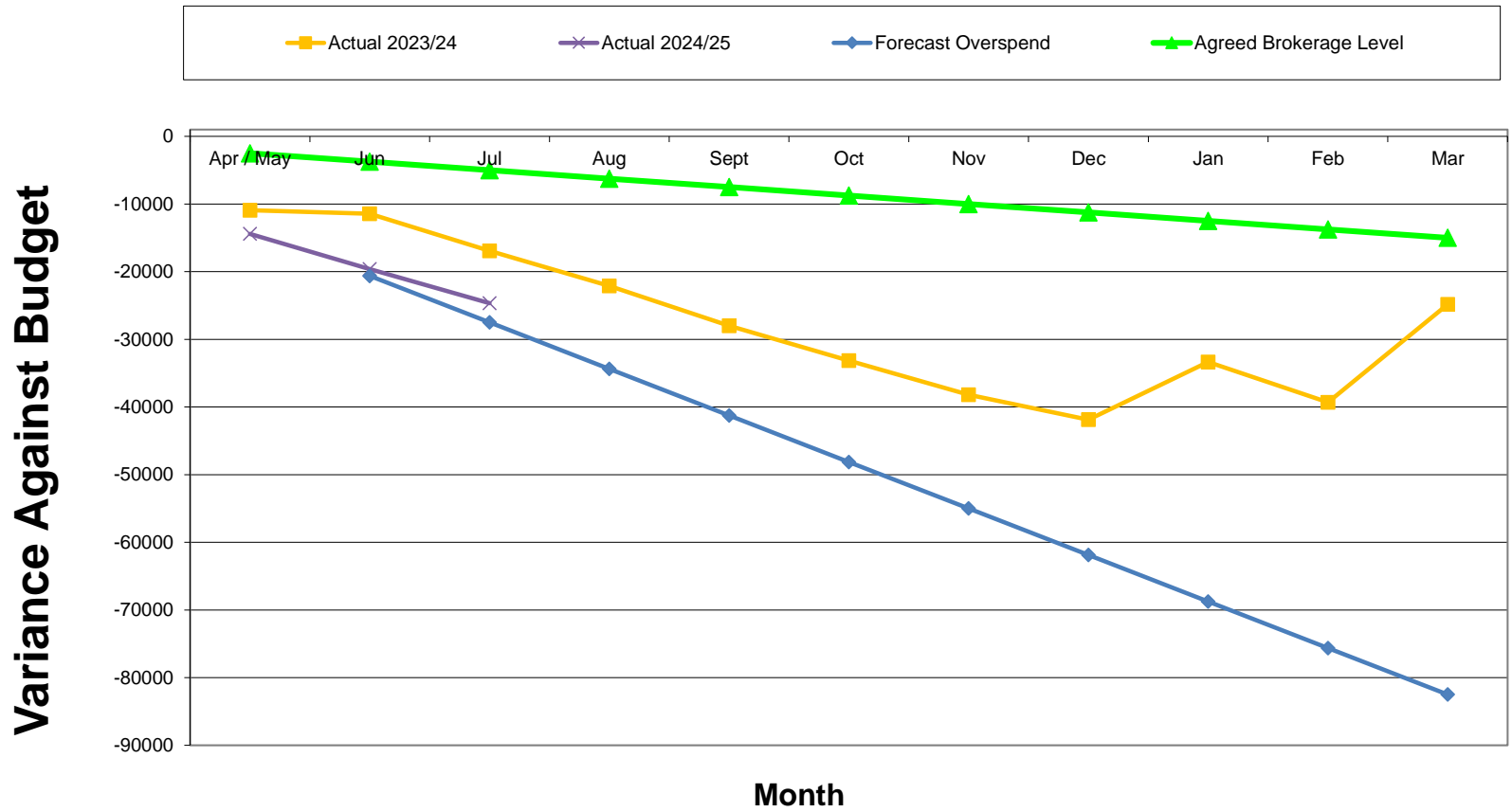
NHS GRAMPIAN WAITING TIMES ACTION PLAN

FINANCIAL POSITION FOR THE FOUR MONTHS ENDED 31 JULY 2024

	Revised Plan 2024/25 £k	Actual Outturn YTD £k	Forecast Outturn £k
Funding Sources			
Prior years recurring funding 2005 - 2024	42,343	14,114	42,343
Scottish Govt Non Rec Allocation Various Sources 2024-25	8,198	2,733	8,198
Total Funding Sources	50,541	16,847	50,541
Expenditure			
Recurring cost of posts / supplies re ongoing projects where costs are definite and not liable to fluctuation.	42,343	14,114	42,343
2024-25 Access Support Plan	8,198	2,733	8,198
Total Expenditure	50,541	16,847	50,541
Surplus/(Shortfall) on Waiting Times Budget	0	0	0

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Movement in Actual Positions & Projections



APPENDIX 3

VALUE & SUSTAINABILITY PLAN

Value and Sustainability Savings Plan 2024/25

Theme	Risk Status	Scheme	Savings Target (£m)	Update
Grip & Control	L	Taking more risk on reserves	5.9	Seek to minimise allocation of new funding - review reserve position occurs every month against forecasted budget commitments.
Grip & Control	L	No carry forward of earmarked slippage	10.5	Budget holder will not be able to spend slippage on Scottish Government earmarked funding from 23/24 financial year
Grip & Control	L	Hospital Drugs (Medicine Bulletin)	2.3	Continuing to deliver on the efficiency booklet with Year To Date £0.7M savings, High confidence in delivery through secondary care. NHS G developed and delivered a Grampian wide unused medicines public awareness campaign with the aim to reduce medicine waste. The campaign was effective in driving awareness. It achieved 85,239 user views 436,630 views. over 35% of users reached over 65yrs.
Value & Sustainability	L	Agency Nursing	3.6	Continued reduction in to agency spend with the implementation of controls as set by Scottish Government. Fully compliant against Scottish Government controls for use of 'off framework' agency use. Final deadline for no agency use by October will be challenging in areas including ITU, Neonatal Unit, Cardiac Cath Labs, Endoscopy and Prison Health Care. These area require specialist skill set which is not readily available locally.
Value & Sustainability	M	Medical Locums	2.4	Medical Agency Locum spend is currently at a similar level to 2023/24 for non IJB services. Savings are being made through the use of Direct Engagement (DE) to contract with locums, which saves VAT. Significant efforts are also being made in securing Tier 1 Doctors and minimising reliance on locums through workforce and/or service redesign. Successes include 100% Direct Engagement for all new locums in July (in areas included in the project), strengthened systems around preferentially using Tier 1

				doctors and upcoming changes to on call payments with reduction to 50% remuneration 00:00-08:00. Challenges include inability to fill current staffing models to deliver current service models in areas with high reliance on locums, such as Dr Gray's Hospital (and in Mental Health but out of scope of the project and excellent work in Mental Health undertaken to grow own future workforce) and the lack of suitable tier 1 doctors willing to work in these areas.
Value & Sustainability	H	Junior doctor bandings (30%)	2.0	Due to concerted effort by Medical Management, Operational Leadership and Doctors and Dentist in Training Monitoring Team 31 of the 39 current band 3 rotas having been signed off on a compliant basis and registered with the Scottish Government. This should support delivery of services in a manner that supports doctor and dentist in training wellbeing whilst avoiding unnecessary rota banding spend. The new rotas will be monitored around 16th of September 2024 (6 weeks from the start of the placement rotation cycle). The eight remaining rotas that were monitored to be non-compliant but not re-written will be monitored as a priority thereafter. This will be followed by all other rotas. It is essential that both recruitment to funded gaps and focussed activity continues on delivering the behaviour and culture change to support adherence to the planned rotas. In addition, a break monitoring team have been recruited to support rota compliance.
Grip & Control	L	Catering income uplift / reduce over ordering	0.8	Retail – Extended opening hours as a test of change. Evaluation to be concluded as to return on investment. Over ordering -Wards are being challenged on a daily basis where meals orders exceed bed state, sandwiches are not permitted where a main meal has been ordered and patients are not allowed to choose from the alternative menu unless there is a clinical or nutritional need. Message to wards regarding stewardship. Investigated digital ordering which requires financial investment

Grip & Control	M	Targeted vacancy freeze	1.0	Trend continues downwards. Scrutiny panel continues to support vacancy control. One indicator of the impact of Vacancy control shows a comparison from 2023 July data – 419 vacancies advertise to 2024 July data 318. A 24% reduction which can assume appointed managers are not progressing vacancies, reducing the like for like replacement.
Value & Sustainability	M	Stocktakes / Old Purchase Order Processing (POP) orders	2.0	Implementation of ward reviews where we have Ward Product Managers in place to look at stock held and to ensure it is aligned with realistic purchasing requirements. These areas have high volumes of stock. Ward Product Managers to also monitor stock waste over a month trial to assess over ordering. Consideration of correct use of product purchasing via PECOS i.e. new/ revised protocol - opportunity to communicate with workforce over correct Purchase Order Processing ordering.
Value & Sustainability	H	Taxi spend renal transport	0.5	Through supporting patient journeys, the cost associated with dialysis transport for 2023/24 year to date presented overspend of £656k. This continues to trend upwards with a similar forecasted overspend for 2024/25. To release cash savings and increase patient experience the role out of home renal dialysis machines is underway, with 4 patients successfully receiving home therapy treatment. However, this alone will not reduce the taxi spend to meet the savings target. With no formal policy for transport provision to renal dialysis patients across Scotland, a specific ask to Board Chief Execs has been made to discuss a 'Once for Scotland' approach regarding the use of taxi across renal dialysis patient groups.
Value & Sustainability	H	Health Care Support Worker (HCSW) over establishment	1.0	The utilisation of staff beyond funded establishment is on average 380 WTE year to date contributing to £6million overspend on unregistered nursing. Contributing factors include unfunded capacity, the reduced working week, sickness absence above the predicted absence allowance, use of non-standard patient areas

				and in turn the requirements for safe staffing across health and care setting through the Health and Care (Staffing)(Scotland) Act 2019. The risk of continued spend above funded establishment will be heavily determined on the system managing to deal with capacity. Therefore, establishing the safe staffing levels across the wards is essential to determining the baseline workforce data which is a priority for the sustainable nursing project. It is anticipated this will be completed for MUSC by September.
Grip & Control	L	Moray Maternity SAS costs	0.5	Seek to meet transport costs against Moray maternity budget
Value & Sustainability	L	Overtime reduction	0.3	Data dashboard showed approximately 7500 hours and a 9.7% increase which is being analysed. Data suggested Nursing staff using additional hours to undertake statutory mandatory training during 2023/24 financial with messaging to reduce this planned at service level via Chief Nurses. Reviewed Additional Hours Framework supported by Terms & Conditions Subgroup and signed off by Partnership Forum on 15th August. Raised awareness of statutory and mandatory training being completed using Additional Hours with Protected Learning Time (PLT) Group.
Value & Sustainability	L	Planned care reductions (Waiting List Initiatives)	1.5	Sourced additional funding from Scottish Government
Grip & Control	L	E-payslips	0.1	Successful roll out of e-payslips. Phase 1 for which included Administrative, Senior and Executive Managers was completed in July. Nursing and Midwifery in August and Allied Health Professionals and other clinical staff by September. Phase 1 will support 8000+ staff accessing e-payslips. Phase 2 focuses on facilities and estates with weekly paid bank workers.
Grip & Control	L	Desktop printers & MFDs	0.5	Formal announcement on the removal of desk top printers and have worked with procurement to remove the ability to purchase toner for desktop printers. Now started the process of identifying locations of

				printers and managing the transition to the MFD printers. Digital Board to be established September 2024 to support digital projects and digital transformation.
		Total projected savings	34.9	

APPENDIX 4

“15 BOX GRID”

NHS Scotland Financial Delivery Unit Quarterly Self-Assessment Questionnaire – 2024/25 Q1

This self-assessment questionnaire will be issued quarterly to summarise ideas shared and allow Boards to reflect on how engaged they are with different areas, as well as remind Boards to continue to share ideas.

Due to the current financial position a response is mandatory from Boards at Level 2 and 3 of the NHS Scotland Support and Intervention Framework.

NHS Boards will be aware of the ‘15 Boxes’ which sets out areas of focus for Boards to support achieving the 3% recurring savings target against baseline funding. The table below outlines actions around the 15 Box Grid which were set out in the Financial Position and Improvement Expectations letter from Director General in June 2024. Boards should report on progress in response to these actions.

A list of opportunities issued by the FDU has been included at the end of this document.

15 Box Grid

Innovation and Value Based Health Care		
15 Box Grid Area	Actions	Response
Medicines of Low Clinical Value	Have you developed and reviewed the list of medicines of low and limited clinical value spend within your own Board?	Yes. NHSG has reviewed the list of Medicines of Low Clinical Value (MLCV). The delayed national progress in signing off this work has been a barrier to progress as clinicians want to receive organisational cover for denial of treatment / change to alternative. The spend on this group of medicines in NHSG is around £600K pa with potentially half estimated to be suitable to changes in treatment; whilst the gross save might appear to be £300K the reality will be far less as patients will continue to have a clinical need for treatment and an alternative non MLCV will likely be offered.
	Have you considered what	Yes, see above

	actions can be taken now to reduce spend in these areas ahead of the published list, following consultation?	
Procedures of Low Clinical Value	Has your Board been engaged with the national work on PLCV and is local work already underway?	Yes, email received from Centre for Sustainable Delivery requesting list of Procedures of Low Clinical Value be reviewed and returned by 14th June. List reviewed by relevant specialties. Mapping work initiated to identify number of times each procedure has been undertaken in the last 12 months to support specialties to understand impact and benefits. In addition to this mapping we will also undertake work to understand the indication and acuity of patients as the value of a procedure is dependent on indication and severity.
	Has your Board considered what action can be taken now to reduce activity in these areas ahead of the national list being published?	Mapping exercise described above will identify any actions which could be taken now to reduce activity in the procedures of low clinical value identified. Linking with local Centre for Sustainable Delivery and Public Health colleagues around their involvement to identify actions to reduce activity.
Medicines Wastage	Is your Board reviewing medicines wastage metrics?	1) NHSG are working with Practitioner Services Division (PSD) as part of payment verification to look at a number of work-streams around operational / payment waste. a) Payment of duplicate barcoded prescriptions b) Oversupply defined by algorithmic processing to identify individual patients consuming more than their prescribed dosage instructions would indicate are likely over a defined period. Both pieces of work require significant resource inputs to validate the level of actual waste but are being progressed on a value risk prioritised approach; updated data from PSD has been requested. 2) NHSG like most other Boards DO NOT have centralised access to the Scottish Health Utility data available within individual GP practices. This data stream is a missing cornerstone of data for our centralised medicines management team to have access to. We are committed to continuing to explore access with local GP colleagues. 3) A communications and engagement campaign are due to launch post-election focussed on patient level waste in medicines. This campaign will emphasise the 'only order what you need' message of previous campaigns as well as messages about self-resourced care, medicines not being able to be reused when returned, the tonnage of medicines that we pay to have destroyed each year. 4) We are working with

		local teams to complete work to move dressings from individual patient prescription to stock order to reduce wastage; similar reviews of purchasing and efficiency are under way in other non-medicine areas including our use of direct appliance contractors.
Polypharmacy review	Is your Board aiming to increase the number of polypharmacy reviews in 2024/25, and aiming to reduce the number of people on 8+ medicines where clinically appropriate?	The underpinning research (iSIMPATY Evaluation report) is primary care focussed in the main and the aligned view of North of Scotland Directors of Pharmacy is that polypharmacy review is a quality initiative rather than cost reductions. Anything that improves appropriate prescribing is likely to be more efficient. Using the published data from iSYMPATHY, polypharmacy review generates an average £131 gross meds save before costs of implementation are taken off (£75, range £32 - £134); so £56 pp net cost reduction if average cost applied but costs outweighing meds savings if costs at the higher end of the range. NB the economic analysis also excludes any of the support costs which further weakens the case for polypharmacy as cost reductions. NB NHSG has a relatively low prevalence of patients receiving 10 or more medicines compared to all other NHS Boards
Medical Switches	Has your Board made all available medicines switches?	Focus on direct savings through efficiency booklet. Secondary Care - High confidence of achieving targets due to direct control. Data used through e Data to review performance against initiatives. 3 month lag in receiving paid data from prescriptions. Primary Care - Positive trends in the decrease in Aveeno demonstrating a change in prescribing practice. Kepra switch shows positive trend with further work to encourage GP to switch. 45 out of 64 practices signed up to the switch of which 65% have completed the switch.
Workforce Optimisation		
15 Box Grid Area	Actions	Response
Nurse Agency Reduction	Is your Board working towards registered nurse agency being by exception only by October 2024, and working towards removing agency spend on healthcare	Agency spend on Healthcare Support Workers is zero for NHSG due to the strength in the bank system for Healthcare Support Workers. Agency spend on registered nursing is decreasing significantly by 42% compared to the same period in 2023-24. Reductions have been seen across several Portfolios. A roll out of controls is being implemented to offer additional support and scrutiny to decision making when requesting additional staffing above template levels.

	support workers entirely?	
Medical Locums Reduction	Has your Board adopted direct engagement for, at least, medical locums and Allied Health Professions?	This continues to be a focus. All new agency locum appointments in May were made on direct engagement basis which provided a significant saving in VAT charges. Direct engagement has not yet been explored for Allied Health Professionals (AHPs) but spend of AHP agency is much less than Medical (£0.5m in 23/24).
Sickness Absence Reduction	Has your Board introduced strategies to achieve a meaningful and sustained reduction in sickness absence?	Targeted work in areas above local average (5.25%) is underway, supported by adoption of a Power BI dashboard for monitoring absence levels. This focus to support local opportunity for reducing to NHSG overall to 5% in line with Annual Delivery Plan target.'
Non-Compliant Rota Reduction	Is your Board establishing drivers of non-compliant rotas and creating an action plan to reduce spend? Noting there is an action to reduce non-compliant rota Jr Dr costs by 25% before the end of 2024/25 in comparison to 2023/24 spend.	Intense work continues to reduce the junior medical banding payments relating to non-compliant rotas. As of June 24, 29 out of 39 rotas are signed off as compliant for the new rotation in August 2024. A new monitoring team is currently being recruited to monitor and support break taking by junior doctors to support longer term rota compliance.

Central Functions Job Family Review	Has your Board created a plan to reduce headcount in central functions job family to pre pandemic levels?	A vacancy control process is in place which only permits recruitment to non-clinical posts if they are deemed to be business critical. We are not aware of any formal Scottish Government instruction to reduce central functions job family numbers back to pre-pandemic levels.
	Have vacancy control panels been established with regular reporting of approval rates?	Vacancy panel in place and agreed key categories of staff that reflect our interpretations of the Scottish Government ask as to set out in December 2023. Number of job vacancies in Q1 2023 1212, 2024 1012. A reduction in 200 vacancies compared to same time last year.
Service Optimisation		
15 Box Grid Area	Actions	Response
Theatre Optimisation	Does your Board have a plan to complete implementation of a digital theatre scheduling tool before the end of 2024/25?	No - A digital review is underway to prioritise digital projects. This includes theatre scheduling tool. The identification of resource, capability and funding against digital projects will be agreed through NHSG digital board which will be established in Q2. This also includes the 31 national priority projects for Boards to deliver.
	Has a local plan been developed to rollout across 20 specialties?	No
Remote Outpatient Appointment	Is your Board reviewing the use of remote outpatient appointments	Surgical: Remote appointments initially had a good impact during the pandemic and immediately on onset. Over time however we note that in surgical specialties remote appointments do not support accurate clinical assessment and as a result required an additional appointment to complete the clinical assessment and decision making. In addition, as we move to patient-initiated return (PIR) appointments we have seen a further drop as the opportunity to use for review appointments reduces due opt patient choice to not return. We continue to explore options to

	and considering opportunities where this could improve efficiency, reduce travel costs, reduce DNA rates and reduce emissions through less travel?	utilize remote appointment within surgical specialties and exploit the technology where suitable but hands on clinical assessment is required for the decision to either offer or suggest an alternate to surgery for our patients
PLICS roll out	Does your Board have a plan to engage with a PLICS supplier by Q3 of 2024/25 and have an implementation plan in place for early 2025/26?	Patient Level Information Costing System (PLICS) methodology is being piloted by NHS Highland. We will engage with them to learn from their experience with a view to developing an implementation plan in early 2025-26.
Length of Stay Reduction	Has your Board reviewed specialties with the highest lengths of stay?	Medicine & Unscheduled Care Portfolio undertake Day of Care Audit weekly of the 112 longest delayed patients with lengths of stay greater than 7 and greater than 14 days. The Unscheduled Care programme board are responsible for the analysis of this data and in target cohort patients most likely in wards 105/110/111.
	Is your Board engaging with service managers to understand what corrective action can be taken?	Yes, as above.
	Is your Board working to	There is no clinical waste audit score within NHS Scotland.

Energy Efficiency Schemes	improve clinical waste audit scores to over 80%?	<p>However, NHSG is one of a few boards who have introduced mandatory waste eLearning for both clinical and non-clinical waste streams. Within the Board, there is a pronounced desire among the majority of staff to segregate their waste streams and recycle where feasible. There is currently a bottleneck with recyclable waste ending up in clinical waste streams due to lack of recycling bins at the point of origin. Therefore, while the level of waste segregation for both clinical and non-clinical waste within NHSG exceed the national average, there remains room for improvement. This can be partially realised on a spend to save basis through the strategic investment in additional recycling bins.</p> <p>Undertake a communications promotion regarding the savings to make in clinical waste. There is no clinical waste audit scoring according to NHS Assure, and NHSG has not been made aware of any such system. However, NHSG has completed all Pre-Acceptance Audits and is actively rolling out recycling bins in more clinical areas to increase the recycling rate. Currently, we have achieved a 46% recycling rate, positioning NHSG as one of the top-performing Boards</p>
	Has your Board reviewed opportunities to use public grant funding for energy efficiency schemes which also provide a cost saving e.g. LED bulbs?	<p>Yes - The sole source of funding for direct energy efficiency schemes has now been closed for both capital and pre-capital funding. Furthermore, the terms have changed; energy efficiency as a standalone initiative can no longer be bid for and must now be part of a broader heat-raising and energy program. Consequently, funding opportunities for projects such as LED fitting will not be accepted, even as part of an integrated bid, as this is now expected to be undertaken by the health board as part of its routine operations.</p> <p>However, we are collaborating with Heat Network Development Support to secure pre-capital funding and are working with private organisations as part of an investment opportunity to decarbonise our estate and simultaneously reduce operational costs.</p>
	Does your Board have a plan in place for selling waste cardboard for Product Recycling Notes rather than paying to have this removed?	<p>Yes - There is a pilot waste project underway at a national level, focusing on the return of cardboard from the National Distribution Centre. This initiative will not impact any of the health boards. However, within NHSG, we have an established process in place where all cardboard packaging is baled on the Foresterhill Campus site. This baled cardboard is then collected and removed at no cost to the health board</p>
Other		
Area	Actions	Response

E-Payslips	Has your Board reviewed the uptake of e-payslips for weekly and monthly payroll with a view to maximising uptake and reducing printing and postage costs?	Yes - Rapidly progressing with phased approach beginning July 2024 including bank workers. By September phase 1 completed. July - 1088 staff transferred. August 5270 staff, 3387 by Sep. Phase 2 is support services 1928 staff to be transferred.
Digital Letters	Is your board reviewing the use of Netcall, or similar providers, for electronic patient letters?	Yes - As part of the digital commission - Objective 3 states to fully review and agree implementation Go/No Go of Netcall digital patient letters to support overall reduction in postage costs. Approval of £70K to upgrade TRAKcare is a prerequisite to delivering this objective. Collaboration with other Boards ongoing to understand the breakeven point for ROI. For NHSG significant work needed to support implementation and unlikely to see cash savings in year 2024-25.
Buyers' Guides	Is your Board engaging with Buyers' Guides issued by National Procurement?	Yes, this is common practice for the Procurement Service and Devolved Procurement areas in NHSG. Buyers Guides are considered when received and local analysis is undertaken to identify the actual savings to be generated from the contract. The Procurement management team attend a quarterly GAP review meeting with National Procurement. This meeting reviews the difference between the savings estimated within the Buyers Guide and the actual saving achieved by NHSG.
	Are these Buyers' Guides being fully considered and implemented?	Yes, as an example, NP585 Blood Collection. The Buyers Guide advised of a £43k cost pressure, however through local procurement review and working with services areas savings of £99k were achieved on this contract.
Selling Equipment	Is your Board selling equipment that is unused or surplus to requirements?	Yes – Medical Equipment service always sell equipment that has been replaced if there is still an inherent value via British Medical Auctions. Low value equipment that is no longer supported get disposed of via Waste Electrical & Electronic Equipment recycling (WEEE).

Benchmarking	Is your Board conducting benchmarking, and engaging with FDU issued benchmarking, to identify further efficiency opportunities?	We have reviewed the benchmarking information produced by the Finance Development Unit and are considering which areas will give us the greatest efficiency gains in addition to all the areas that we require to take forward from the 15/20 Box Grid. Having the staff capacity to do this is challenging given the impact of the Agenda for Change Pay Reforms and our internal vacancy control.
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Other FDU Issued Opportunities

Other Opportunities	Issued Date	Questions for reflection	Response
Unscheduled Care Pathways Power BI Dashboard	15/04/2024	Has your Board completed any detailed reviews or comparisons with the information shared on unscheduled care?	The Unscheduled Care Team work to the Centre for Sustainable Delivery requirements. The limitations on access to Unscheduled Care dashboard has prohibited any detailed reviews with the information shared.
		Has your Board identified any opportunities for pathways to be rationalised?	The Unscheduled Care Team use local data to extract productivity opportunities.
Overprescribing in primary care	23/04/2024	Has your Board contacted your Director of Pharmacy to access medicines wastage data shared by the Counter Fraud Services team?	Yes as detailed in medicines waste.
		Has your Board reviewed this data to understand whether there is any financial benefit available?	Yes as detailed in medicines waste
Benchmarking summary	23/04/2024	Has this information been received and reviewed by your Board?	Yes – see answer on benchmarking above.

15 Box Grid update	23/04/2024	Has your Board reviewed the update issued, and accessed the guidance and material shared?	Yes – a timetable is in place to report progress against the 15 Box Grid to our Chief Executive Team on a regular basis.
HFMA Exchange – Savings Ideas	24/04/2024	Has this information been received and reviewed by your Board?	Yes - the information has been received. A detailed review indicated that there were no significant schemes that were not already part of our Value & Sustainability Plan.
		Has your Board investigated all possible savings opportunities?	As above
BCE 15 Box Grid Slides	03/05/2024	Have these slides been reviewed to identify if further opportunities can be taken from medical switches or remote outpatient appointments?	Yes
24-25 Final Financial Plans Savings Breakdown	17/05/2024	Has your Board reviewed the savings detailed to understand whether there is anything you can adopt locally?	Yes.
Discovery Polypharmacy Dashboard	06/06/2024	Has your Board reviewed the dashboard and investigated whether they are an outlier for polypharmacy?	Yes. NHS Grampian is not an outlier.
NHS Board – Local Choices Returns	03/07/2024	Has this information been received and reviewed by your Board?	Yes. Reviewed with Director of Finance.
		Has your Board discussed this information to determine where further opportunities are available?	Yes. There are a small number of schemes which we could take forward that were not included in our “Choices” return but this would likely involve decisions on a Once for Scotland basis. Examples are Renal Transport, provision of Palliative Care and stopping the Covid Anti Vitals service.

APPENDIX 5

RECOVERY PLAN+ OPTIONS

Title	Impact on your Board / Service Delivery Risks	Benefits	Implementation period	Policy / approval barriers	Investment required (£000s)	Savings Target (£000s) 2024-25 (year of investment)
Reduce HCSW Overspend	<p>Loss of capacity to deliver planned and unscheduled care. Removal of non-standard beds which will impact on flow and hospital capacity. Reduced quality of care delivery and increased patient safety risks/ complaints. Inability to meet requirements of Health and Care Staffing legislation. Regulatory impact HIS Safe Delivery of Care inspections. Negative impact on sickness and recruitment/retention. Be clear that additional NGNs being recruited over establishment need to be offset against vacancies when staff turnover occurs.</p> <p>No backfill requests approved for Reduced Working Week impact. Potential impact on patient experience, quality of care recruitment and retention of staff. Risk increase in short term agency usage for unfunded activity which over recruitment would cover .</p> <p>Potential operational impact on capacity and flow if unfunded activity cannot be delivered. Detailed review of continued nurse agency usage.</p> <p>Nursing – set savings targets for areas which are over establishment in their use of HCSWs and monitor progress monthly. Consider DE for Agency AHPs</p>	Reduced nursing staffing spend	Linked to operational pressures, patient flow and bed capacity. Could be achieved in short term for some areas, but some services would require significant redesign to be able to operate without current levels of HCSW input which are being used to support extra non-standard capacity. Would also make it more challenging to meet the Health & Care Staffing Act.	Likely to be public / media reaction around performance impact if service capacity has to be reduced. HIS Regulatory impact Safe Delivery of Care. Negative Impact on SAS and Primary Care	0	1000
Stop all overtime - except protected activities	It will increase waiting times for urgent referrals. However, cancer activities will be protected.	Reduced supplementary staffing spend	Most overtime is worked by Nursing and Support Services staff. Could be achieved in short term for some areas, but some services would require significant redesign to be able to operate without agency nursing input. Would also make it more challenging to meet the Health & Care Staffing Act.	Likely to be public / media reaction around performance impact if service capacity has to be reduced.	0	500
Elimination of non-compliant junior medical rotas	The funding was approved following a CET discussion two weeks ago and we are moving at pace, as per CET direction, to implement the plan. It was agreed on the basis that the required culture change would have a much higher chance of success with the focus and oversight this investment would offer. Whilst it is £500k investment, it is to reduce the £7.2M avoidable spend by £2.2M this year and set the foundation for ongoing reduction in avoidable spend.	Reduced spend on non compliant banding payments.	Medium term - work would need to be done on each successive rotation.	None	500	2000

Title	Impact on your Board / Service Delivery Risks	Benefits	Implementation period	Policy / approval barriers	Investment required (£000s)	Savings Target (£000s) 2024-25 (year of investment)
Vacancy Management	No recruitment in advance of commissioning for Baird & Anchor staffing requirements. No approval of proleptic appointments. Detailed review of redeployment register and list of staff on grade protection. How can these staff best be used? Enhanced vacancy control – tougher criteria for extending fixed term contracts? Vacancy freeze for all non-patient facing posts until end of financial year. In exceptional cases where replacement of non-patient facing posts is deemed to be essential, requirement would be to replace internally. Rather than enhancing existing vacancy controls for permanent/FTC/secondments etc - would it instead be better to improve adherence to the existing controls? Operational and delivery impact of delayed recruitment. Risk of reduced staff numbers and reliance on agency		Short term.	Potential impact on SSTFG requirements if agency use increases. Reputational risk if capacity cannot be opened, loss of confidence, negative impact on staff recruitment & retention	0	1000
Reduce locum spend	Implement 50% on call rate and DE arrangements for medical locums with no exceptions.		Short term.		0	500
Reduce medical spend	Comply with rates on health care staffing act for agency medical staff		Short term.		0	300
Financial Flexibility	Implement arrangements to eliminate untaken annual leave accrual for Medical staff (i.e. staff have to proactively inform the Medical director of untaken annual leave at 31/3/25 – otherwise assume no carry forward) / Stop any further commitments against USC earmarked funding for service improvement work / Consider not providing pay award funding uplift for 2024/25 on budgets funded by non-recurring SG earmarked funding / Action capital to revenue transfer where appropriate / Maximise use of any new funding received for TAVI Cardiology procedures		Short term.		0	3900

APPENDIX 6

The Context for Change

Change is essential to delivering the services the people of Grampian deserve. Whilst advances in treatments and technologies means outcomes are improving, this adds pressure to our financial sustainability. Our population demographics are also changing with an increasingly ageing population with multiple long-term conditions.

NHS Grampian is not alone in facing these challenges. Health and care systems across the developed world are currently struggling with the question of how to adapt their services to deal with continuously rising and changing patterns of demand. It is also widely recognised that simply adding more money and resources to tackling these issues is not enough to make services higher quality and sustainable. Radical transformation is required. This is not an easy thing to do; change and transformation are always difficult, they create uncertainty and they require us to give up what we have in exchange for something new. This is particularly difficult when it involves something that is very important to us, such as the health and social care services that we and our families will all need to call on at some point in our lives.

In 2022 NHS Grampian launched the “Plan for the Future 2022 – 2028”, our approach to delivering changes to the population’s health by *‘enabling wellness’* whilst providing timely access to high quality services to *‘respond to illness’*. To deliver our ambition we must transform and reform to achieve financial balance and provide the best care for the people of Grampian within the resources available to us. A ‘Route Map for Change’ will place a strong emphasis on transforming our models of care, improving performance and maximising the use of our available resources to achieve best value.

Reform of health and care services is a long term goal and the ‘Route Map for Change’ will set out a clear route map to take forward a programme of strategic change initially up to 2028. The route map will focus on cross-cutting actions across all three strategic themes – People, Places and Pathways.

It is critical that the need for radical change is clearly understood by those who use and deliver our services, including the risks of not making these changes in a planned and transparent way. The Case for Change sets out evidence that the existing system is already struggling to sustain services in the face of these changing circumstances. Without systematic and planned change, already stretched services will undoubtedly be forced into unplanned change through fire-fighting and crisis.

The stark options we are faced with are either to resist change and see services deteriorate to the point of collapse over time, or to embrace transformation and work to create a modern, sustainable health and care service that is properly equipped to help people stay as healthy as possible and to provide them with the right type of care when they need it. The development of the ‘Route Map for Change’ presents an opportunity that must be seized and acted upon.

NHS Grampian Putting People First approach demonstrates our firm commitment to working together and engaging our public and staff in this programme, alongside building on collaborative efforts with our partners across the North East. The route map will be informed through our engagement with our staff, communities and partners to explore together how we can reform to deliver sustainable, affordable services. There will also be regular engagement opportunities for Board members to inform the scope of strategic change priorities in the early stages of the route map's development.