

Board

20 October 2015
Director of Finance

Paper No. 15/56

Financial Monitoring Report for the 5 month period to 31 August 2015

Introduction

The attached report shows that the Board is currently reporting an overspend out-turn against budget for the 5 month period to 31 August 2015 of £5.3m. At this stage the Board is still forecasting that a year end breakeven out-turn can be achieved, however at this stage there are some significant risks underpinning this forecast.

The report also includes details of expenditure to date against the Board's 2015/16 capital allocation.

Recommendation

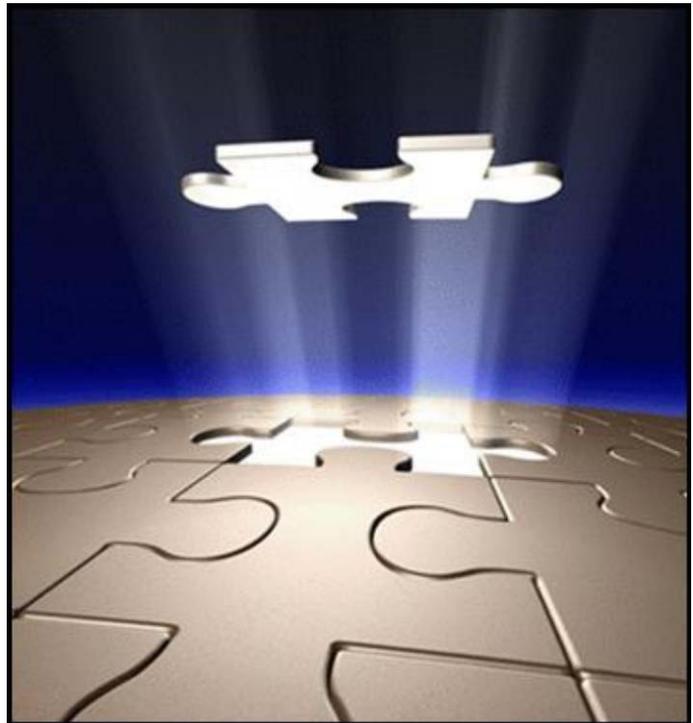
The Board is asked to note the financial performance for the first 5 months of the financial year.

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NHS Greater Glasgow and Clyde

Financial Monitoring Report for the 5 month period to 31 August 2015



Introduction

The financial monitoring report comprises the following:

1. Key Figures and Comments
2. Acute Services
3. NHS Partnerships
4. Corporate and Other Budgets
5. Capital Expenditure
6. Cost Savings Targets
7. Glossary of Terms

1. Key Figures and Comments

| | £m |
|--------------------------------------------|--------------|
| Out-turn Reported to 31 August 2015 | (5.3) |

| | £m |
|----------------------------------------------|-------------|
| Capital expenditure to 31 August 2015 | 11.0 |

| Expenditure by Division | Annual Budget £m | YTD Budget £m | YTD Actual £m | YTD Variance £m |
|------------------------------------|---------------------|------------------|------------------|--------------------|
| Acute | 1,383.3 | 579.6 | 584.0 | (4.4) |
| NHS Partnerships | 1,149.7 | 465.0 | 466.2 | (1.2) |
| Corporate and Other Budgets | 466.9 | 169.8 | 169.5 | 0.3 |
| Total Expenditure | 2,999.9 | 1,214.4 | 1,219.7 | (5.3) |

- ❑ The Financial Plan for 2015/16 was approved by the Board on 24th June 2015. The Board plans to manage anticipated in year costs pressures to deliver a breakeven out-turn for the year.
- ❑ The Board's projected funding for 2014/15 is currently £2,999.9m. During August the Board received £0.543m of additional funding to implement the person centred model of pharmaceutical care proposed in "Prescription for Excellence". The only other allocation of note received during the month was £0.192m to support remodelling of the MSK/Orthopaedics patient pathway.
- ❑ At 31 August 2015 the Board is reporting expenditure levels running £5.3m ahead of budget which compares with an overspend of £5.5m for the previous month. This remains behind the Board's planned trajectory of £1.7m ahead of budget to achieve breakeven by 31 March 2015.
- ❑ Expenditure on **Acute Services** is overspent by £4.4m compared to budget at 31 August 2015.
- ❑ Expenditure on **NHS Partnerships** is overspent by £1.2m compared to budget for the year to date.
- ❑ Expenditure on **Corporate Services and Other Budgets** is running close to budget with an underspend of £0.3m after 5 months of the year.
- ❑ **Capital expenditure** in the year to date amounts to £11.0m and it is anticipated that a balanced year end position will be achieved against the Board's Capital Resource Limit (CRL).
- ❑ At this stage of the year the Board is behind its year to date **cost savings target** against plan.

2. Acute Services

| Directorate | Annual Budget £m | YTD Budget £m | YTD Actual £m | YTD Variance £m |
|-----------------------------------|---------------------|------------------|------------------|--------------------|
| South Sector | 309.3 | 140.9 | 144.3 | (3.4) |
| North Sector | 176.6 | 77.2 | 78.5 | (1.3) |
| Clyde Sector | 160.2 | 70.8 | 71.2 | (0.4) |
| Diagnostics | 179.0 | 74.6 | 74.8 | (0.2) |
| Regional Services | 201.9 | 89.5 | 89.8 | (0.3) |
| Women & Children's Services | 171.8 | 73.9 | 73.9 | 0.0 |
| Total Directorate Services | 1,198.8 | 526.9 | 532.5 | (5.6) |
| Acute Divisional Services | 184.5 | 52.7 | 51.5 | 1.2 |
| Total Acute Services | 1,383.3 | 579.6 | 584.0 | (4.4) |

- ❑ This report reflects the establishment of the new directorate structure for 2015/16 with Facilities now being reported under Corporate Departments.
- ❑ Expenditure on Acute Services remains £4.4m over budget at the end of month 5. The main cost pressures identified in the first five months of the year are largely driven by high activity levels resulting in significant overspends in medical and nursing pay costs and these continue to impact on the out-turn against budget. The Acute Management Team are working on plans to contain these overspends and pressures and identify additional measures to achieve its target of breakeven by the year end, albeit the identification of these provides a significant challenge. As a result the Board has released funding earmarked for winter earlier than planned in order to alleviate service pressures associated with beds that have remained open from winter 2014 in order to meet demand. This action has mitigated an element of the current financial pressure but will reduce flexibility to deal with emerging pressures in the second half of the year.
- ❑ Hospital prescribing expenditure is marginally over budget at the end of month 5 and will be kept under review by management in future months.

3. NHS Partnerships

| | Annual Budget £m | YTD Budget Total £m | YTD Actual Total £m | Overall Variance YTD £m |
|---------------------------------------|---------------------|------------------------|------------------------|----------------------------|
| Glasgow HSCP Citywide | 111.2 | 43.9 | 43.8 | 0.1 |
| Glasgow City HSCP - North East | 193.1 | 79.0 | 79.2 | (0.2) |
| Glasgow City HSCP - North West | 183.2 | 76.0 | 75.9 | 0.1 |
| Glasgow City HSCP - South | 180.7 | 74.5 | 74.4 | 0.1 |
| Mental Health Specialist Directorates | 23.1 | 9.6 | 9.6 | 0.0 |
| Total Glasgow HSCP | 691.3 | 283.0 | 282.9 | 0.1 |
| East Dunbartonshire HSCP | 88.2 | 36.7 | 36.6 | 0.1 |
| East Renfrewshire HSCP | 66.9 | 27.2 | 27.2 | 0.0 |
| Inverclyde HSCP | 74.6 | 30.2 | 30.2 | 0.0 |
| Renfrewshire HSCP | 151.4 | 60.5 | 60.5 | 0.0 |
| West Dunbartonshire HSCP | 81.9 | 33.0 | 33.0 | 0.0 |
| Total Non Glasgow HSCPs | 463.0 | 187.6 | 187.5 | 0.1 |
| Total HSCPs | 1,154.3 | 470.6 | 470.4 | 0.2 |
| Other Partnership Budgets | (4.6) | (5.6) | (4.2) | 1.4 |
| Total NHS Partnerships | 1,149.7 | 465.0 | 466.2 | (1.2) |

- ❑ Overall expenditure levels within NHS Partnerships are running £1.2m ahead of budget at 31 August 2015. In general all Partnerships have delivered a balanced position against operational budgets and local savings targets. The overspend against Other Partnership budgets is principally due to unidentified savings and work is ongoing to close this gap in the remaining part of the year. It is currently anticipated that the overall breakeven position will be achieved by the year end.
- ❑ There are a number of areas where cost pressures are being experienced including GMS premises and seniority payments, community equipment budgets and continence services but these are being offset by underspends in other areas, principally within pay budgets.
- ❑ GP Prescribing expenditure is currently being reported in line with budget based on actual expenditure for the period to 30 June extrapolated to 31 August. Individual partnership budgets are showing an overspend of £0.9m based on the actual results to June but it is expected that further savings and rebates will be achieved in the second part of the year to offset the position by the year end.
- ❑ In recent months work has been undertaken with Local Authority partners to establish the balanced opening budgets for Integrated Joint Boards (IJBs) and work is continuing to establish the notional set aside budgets for hospital services within the scope of integration schemes.

4. Corporate and Other Budgets

| | Annual Budget £m | YTD Budget Total £m | YTD Actual Total £m | Variance YTD £m |
|-------------------------------------------------|---------------------|------------------------|------------------------|--------------------|
| Corporate Directorates and Other Budgets | | | | |
| Corporate Directorates | 364.6 | 143.1 | 142.9 | 0.2 |
| Healthcare Purchases | 63.7 | 26.7 | 26.6 | 0.1 |
| Impairments and Provisions | 15.0 | 0.0 | 0.0 | 0.0 |
| Other | 23.6 | 0.0 | 0.0 | 0.0 |
| Total Corporate & Other Budgets | 466.9 | 169.8 | 169.5 | 0.3 |

- ❑ This report reflects the establishment of the new directorate structure for 2015/16 with Facilities now being reported under Corporate Departments.
- ❑ At 31 August 2015 overall expenditure on Corporate and other Budgets is running close to budget for the year to date with a marginal underspend of £0.3m.
- ❑ It is anticipated that overall expenditure within the Corporate Directorates and on Healthcare Purchases will be contained within the available budget at the year end.

5. Capital Expenditure

| | £m |
|--------------------------------------------------|-------------|
| Sources of Funds | |
| Anticipated Gross Capital Resources at 31 August | 89.9 |
| Total Capital Resources for 2015/16 | 89.9 |
| Use of Capital Funds | |
| Allocated to Approved Schemes | 89.9 |
| Anticipated slippage 2015/16 | 0.0 |
| Anticipated Expenditure for 2015/16 | 89.9 |
| Expenditure to Date | |
| Expenditure to 31 August | 11.0 |
| Balance to be spent by 31 March 2016 | 78.9 |
| Total Forecast Expenditure for 2015/16 | 89.9 |

- ❑ The Board's Capital Plan for 2015/16 was approved by the Board on 23 June 2015.
- ❑ The Board's anticipated Gross Capital Resources available for 2015/16 currently amount to £89.9m.
- ❑ Forecast capital expenditure for 2015/16 includes the following main schemes:
 - Additional car parking provision at the Queen Elizabeth University Hospital (£14.0m);
 - Remaining works for the completion of the Queen Elizabeth University Hospital, the Royal Hospital for Children and other associated developments (£19.9m);
 - General Medical Equipment Allocation (£2.5m);
 - Radiotherapy Equipment for the Beatson Satellite Centre at Monklands Hospital (£6.9m);
 - Mental Health Programme (£3.0m).
- ❑ £15.0m of funding has been brought forward from the previous year for use on schemes that will be completed in 2016/17.
- ❑ Total expenditure incurred to 31 August 2015 on approved capital schemes was £11.0m.
- ❑ The Board predicts the Capital Resource Limit will be achieved in-year.

6. Cost Savings Targets

- ❑ In developing its Financial Plan for 2015/16, the Board required to set a cost savings target that will enable the Board to achieve a balanced out-turn.
- ❑ The total cost savings challenge for 2015/16 was set at £40.9m after netting off prescribing savings of £9.2m and capital charge savings of £8.0m. Targets have been set from a combination of local initiatives applied to all service areas and a number of Area Wide Strategic Reviews. The main categories of savings were:
 - Acute Division targets - £20.8m
 - Partnership targets - £15.0m
 - Corporate - £5.1m
- ❑ At this stage of the year our overall assessment is that at 31 August 2015 the Board is running behind its year to date cost saving target by £0.4m in Acute Services and by £1.2m across NHS Partnerships. Management in Acute Services and across the NHS Partnerships is working to address the cost savings challenge.
- ❑ Achievement of the Board's overall cost saving target will be an important factor in achieving the forecast break even outturn on operating activities at the end of the year.

7. Glossary of Terms

Expenditure:

- Acute – This represents expenditure on the Acute Division clinical and management support services.
- HSCPs – This represents expenditure on services within the scope of Health and Social Care Partnerships including services provided by Primary Care practitioners, expenditure on Mental Health and Learning Disabilities inpatient services, services for patients with addictions and also services for homeless persons.
- Corporate Departments – This represents expenditure on area wide and support services and other costs where budgets are not devolved to operational service areas, for example Payroll, Facilities, Corporate Planning and Public Health.
- Healthcare Purchases - This represents the cost of services provided by other healthcare providers to Greater Glasgow and Clyde patients, including Independent Hospices and HIV/AIDS & Drugs Misuse.
- Impairments – This represents the accelerated depreciation required to write off the net book value of an asset over its remaining life.
- Provisions - This represents the total of provisions made within the Board's Revenue Plan where which have not yet been distributed to divisions.
- Other – This represents funds received which have not yet been allocated to an expenditure budget.