

Greater Glasgow NHS Board

Board Meeting
20th August 2002

Board Paper No. 02/56

Director of Finance

2002/03 Financial Monitoring Report for three months ended June 2002

Recommendation:

The Board is asked to:

- confirm the 2002/03 Trust Startpoint Allocations as set out in Annex I as the basis for the year financial monitoring;
- note the results reported for the first quarter, the three months ended 30 June 2002.

Summary

This report confirms that the decisions made at the May Board meeting have been consolidated into Trust 2002/3 Startpoint Revenue Allocations.

The financial performance for the three months ended 30 June 2002 has been reported by each Trust and summarised as follows:

TRUST FINANCIAL MONITORING

APRIL - JUNE 2002

	<u>North</u>	<u>South</u>	<u>Yorkhill</u>	<u>PCT</u>	<u>Total</u>
INCOME	110,481	51,093	22,947	121,184	305,705
EXPENDITURE	106,038	49,228	21,579	119,689	296,534
SURPLUS BEFORE INTEREST	4,443	1,865	1,368	1,495	9,171
INTEREST (NET)	4,809	1,833	800	1,410	8,852
SURPLUS	(366)	32	568	85	319
FORECAST	(313)	0	836	75	598

Details of issues affecting individual Trusts is given in the narrative. At this early stage in the year, the forecast out-turn for NHS Greater Glasgow remains break-even at the year end.

2002/3 Financial Monitoring Report for three months ended June 2002

Introduction

At its May 2002 meeting, the Board approved the 2002/3 Startpoint Revenue Allocations and thereby confirmed the distribution of new monies available to the Trusts and other relevant healthcare organisations.

Those new funds have now been added to Trusts' existing baseline allocations to produce the 2002/3 startpoint budgets against which their performance will be monitored in year. This report therefore:

- confirms Trust baseline allocations for 2002/3 (see annex I);
- reports on performance against those baselines for the first quarter of the year, the three months ended 30 June 2002.

In agreeing the allocation of new funds, the Board acknowledged the degree of risk inherent in Trust startpoint allocations. In this context, the results for the first quarter are encouraging. However, concern exists around remaining difficulties in agreeing uplifts to existing service contracts with some West of Scotland Health Boards.

Overall Position

	<u>North</u>	<u>South</u>	<u>Yorkhill</u>	<u>PCT</u>	<u>Total</u>
INCOME	110,481	51,093	22,947	121,184	305,705
EXPENDITURE	106,038	49,228	21,579	119,689	296,534
SURPLUS BEFORE INTEREST	4,443	1,865	1,368	1,495	9,171
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General context.

The above information is based on the results prepared by each of the Trusts and shows the actual performance against the break-even target for the first three months of the financial year. It is always difficult to draw firm conclusions at this early stage in the financial year before clear patterns of expenditure have been established. Based on the actual performance, and taking into account the early stage in the year, the Trusts are all forecasting achieving break-even.

EMBARGOED UNTIL DATE OF MEETING

The following gives fuller details of the position in each Trust:

North Glasgow

	BUDGET £000	ACTUAL £000	VARIANCE £000
Income	110,481	110,481	0
Expenditure_____	105,985	106,038	(53)
Surplus	4,496	4,443	(53)
Interest _____	4,809	4,809	0
Surplus/(Deficit)_____	(313)	(366)	(53)

The Trust reports a deficit of £366K for the period against a planned deficit of £313K.

The implementation of saving programmes are placed more heavily towards the later part of the year and will result in a balanced position being achieved for the full year.

In common with other Glasgow Trusts the annual level of monies from non-Glasgow Boards is not fully agreed and therefore presents some risk.

South Glasgow

	BUDGET £000	ACTUAL £000	VARIANCE £000
Income	51,093	51,093	0
Expenditure_____	49,260	49,228	32
Surplus	1,833	1,865	32
Interest _____	1,833	1,833	0
Surplus/(Deficit)_____	0	32	32

The first three months shows a surplus of £32K against a planned break-even position. Overspending in supplies, particularly pharmacy, was more than offset by underspending caused by a significant number of staff vacancies. As the year progresses it is anticipated that many of the vacancies will be filled and that this could create pressure on the achievement of break-even.

Yorkhill Trust

	BUDGET £000	ACTUAL £000	VARIANCE £000
Income	22,965	22,947	(18)
<u>Expenditure</u>	21,329	21,579	(250)
Surplus	1,636	1,368	(268)
Interest	800	800	0
<u>Surplus/(Deficit)</u>	836	568	(268)

The Trust reports a surplus of £568K against the break-even target for the months to June 2002. This compares unfavourably with the budgeted surplus of £836K, i.e. a £268K shortfall.

This shortfall was largely the result of overspending in pharmacy supplies. This needs careful review at the Trust to establish if this overspend is the result of an atypical pattern of expenditure which will return to a more normal pattern in future months. On this assumption the Trust is forecasting a break-even position for the full year.

Primary Care Trust

	BUDGET £000	ACTUAL £000	VARIANCE £000
Income	121,184	121,184	0
<u>Expenditure</u>	119,697	119,689	8
Surplus	1,487	1,495	8
Interest	1,412	1,410	2
<u>Surplus/(Deficit)</u>	75	85	10

Expenditure in the Mental Health and Learning Disabilities divisions is in line with plan and it is expected to continue this way throughout the year.

At this early stage in the year there is little information on Primary Care expenditure to support forecasts for the year.

Early indications on prescribing expenditure for April show higher than planned values. This is being closely analysed and further months' spend will allow realistic trends to be established.

Subject to the outcome on prescribing expenditure the Trust continues to forecast break-even for the year.