

**Greater Glasgow NHS Board**

**Board Meeting**  
22nd October 2002

Board Paper No. 02/74

Director of Finance

**2002/03 Financial Monitoring Report  
for five months ended August**

**Recommendation:**

The Board is asked to:

- note the results reported for the first five months ended 31 August 2002.

**Summary**

The financial performance for the five months ended 31 August 2002 has been reported by each Trust and summarised as follows:

**TRUST FINANCIAL MONITORING**

**APRIL - AUGUST 2002**

	<u>North</u> £000	<u>South</u> £000	<u>Yorkhill</u> £000	<u>PCT</u> £000	<u>Total</u>
INCOME	188,138	86,341	37,298	206,123	517,900
EXPENDITURE	188,522	86,520	37,360	206,111	518,513
SURPLUS BEFORE INTEREST	(384)	(179)	(62)	12	(613)
INTEREST (NET)	277	95	0	0	372
SURPLUS/DEFICIT	(107)	(84)	(62)	12	(241)
FORECAST	(83)	0	270	0	187

Trusts are reporting a £241K deficit against the break-even target for the five months to August, against a planned surplus of £187K. Given the degree of risk inherent in Trust startpoint revenue allocations, the results for the first five months are encouraging.

## 2002/03 Financial Monitoring Report for five months ended August 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:

- reports on performance against those baselines for the five months ended 31 August 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 five months are encouraging. However, concern exists around remaining difficulties in agreeing uplifts to existing service contracts with some West of Scotland Health Boards.

### 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 five months of the financial year. With five months information now available, expenditure patterns are emerging. Based on the actual performance, and taking into account the early stage in the year, the Trusts continue to forecast achieving break-even.

This overall result has been further supported in year by additional funds to support national waiting times targets and winter pressures as follows:

<b><u>Waiting Times Targets</u></b>	<b><u>£000</u></b>
Earmarked Funds included in startpoints	£2,700
Additional non-recurring	£811

Further bids for specific aspects have been submitted to SEHD

### **Delayed Discharges/Winter Pressures**

Earmarked Funds included in startpoints	£3,800
Additional non-recurring	£2,300

Given the current stability of the financial position pan-Glasgow, it seems appropriate to delay the Mid Year Review to coincide with the request from the SEHD to provide final year end forecasts by mid December 2002. This will also allow a more extended review of the impact of the proposals made by the Task Group to check the spend on GP Prescribing and to assess the impact of current unresolved issues.

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

**North Glasgow**

	<b>BUDGET</b> £000	<b>ACTUAL</b> £000	<b>VARIANCE</b> £000
Income	188,159	188,138	(21)
Expenditure	<u>188,430</u>	<u>188,522</u>	<u>(92)</u>
Surplus	(271)	(384)	(113)
Interest	<u>188</u>	<u>277</u>	<u>89</u>
Surplus/(Deficit)	<u>(83)</u>	<u>(107)</u>	<u>(24)</u>

The financial position for the five-month period to August 2002 shows a net adverse variance of £24k from plan.

The August accounts show a deficit of £107k against the financial breakeven target. This is fairly consistent with the planned position for this stage in the financial year. Note also that this represents a favourable movement of £78k in comparison with the July position.

A break-even position is forecast for the full year.

A range of new cost pressures (i.e. not funded within the Financial Plan) has been encountered throughout the divisions in the five-month period. The resultant increase to expenditure is approximately £2m. The Trust has been able to sustain this pressure entirely due to non-recurring relief accumulated over the period. This relief is primarily due to staff vacancies and slippage in projects such as MRI/Radiology and Linaccs.

Income shows a modest deficit of £21k for the five-month period. A review of cost per case activity is currently underway to ensure appropriate invoicing to the respective Health Boards. .

**Treasury**

During the five-month period to August, the Trust earned £277k interest on its cash funds, a surplus of £89k over the plan.

**South Glasgow**

	<b>BUDGET</b> £000	<b>ACTUAL</b> £000	<b>VARIANCE</b> £000
Income	86,341	86,341	0
Expenditure	<u>86,436</u>	<u>86,520</u>	<u>(84)</u>
Surplus	(95)	(179)	(84)
Interest	<u>95</u>	<u>95</u>	<u>0</u>
Surplus/(Deficit)	<u>0</u>	<u>(84)</u>	<u>(84)</u>

The Trust reflects a deficit of £84K against the break-even target for the five months to August. Underspending on salaries costs is more than off-set by overspending on supplies, mainly in Pharmacy and Paramedical areas.

The Trust continues to forecast break-even for the full year.

## Yorkhill Trust

	<b>BUDGET</b> £000	<b>ACTUAL</b> £000	<b>VARIANCE</b> £000
Income	37,368	37,298	(70)
Expenditure	<u>37,098</u>	<u>37,360</u>	<u>(262)</u>
Surplus	270	(62)	(332)
Interest	<u>0</u>	<u>0</u>	<u>0</u>
Surplus/(Deficit)	<u>270</u>	<u>(62)</u>	<u>(332)</u>

The Trust reflects a £62K deficit against the break-even target for the five months to August against a forecast surplus of £270K, an adverse movement of £332K. The main cause of this is overspending in pharmacy and instrumentation supplies.

The Trust continues to forecast break-even for the full year.

## Primary Care Trust

	<b>BUDGET</b> £000	<b>ACTUAL</b> £000	<b>VARIANCE</b> £000
Income	206,123	206,123	0
Expenditure	<u>206,123</u>	<u>206,111</u>	<u>12</u>
Surplus	0	12	12
Interest	<u>0</u>	<u>0</u>	<u>0</u>
Surplus/(Deficit)	<u>0</u>	<u>12</u>	<u>12</u>

The Trust reflects a surplus of £12K against the break-even target for the five months to August.

The continuing major issue for the Trust is level of overspending in prescribing costs. From the figures available for the first three months of the year, the overspend is £600K. Forecasts for the full year show a range of potential overspends from £1m to £4.5m. This area is under careful review by a specially convened Task Group and the outcomes from actions to reduce costs are being monitored.

The Trust continues to forecast break-even for the full year.