

Board

20 August 2013

Paper No. 13/39

Director of Finance

Financial Monitoring Report for the 3 month period to 30 June 2013

Introduction

The attached report shows that the Board is currently reporting an expenditure out-turn £0.9m in excess of its budget for the first 3 months of the year. At this stage the Board considers that a year end breakeven position will be achieved.

The report also includes details of expenditure to date against the Board's 2013/14 capital allocation.

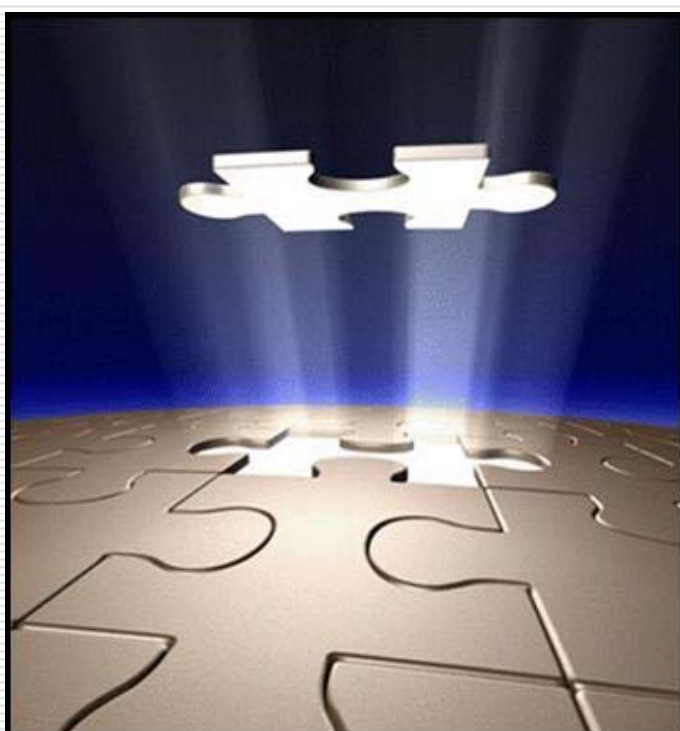
Recommendation

The Board is asked to note the financial performance for the first 3 months of the financial year.

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NHS Greater Glasgow & Clyde



Financial Monitoring Report for the 3 month period to 30 June 2013

Introduction



The financial monitoring report comprises the following:

1. General overview, including key figures and key comments.
2. Overall income and expenditure summary.
3. Summary of Acute services expenditure.
4. Summary of NHS Partnerships expenditure.
5. Summary of expenditure on Corporate and other budgets
6. Overview of capital expenditure outturn.
7. Achievement of cost savings targets – progress report.
8. Glossary of terms.

1. Key Figures and Comments

	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Income	2,878.6	682.1	682.1	0.0
Expenditure	2,878.6	682.1	683.0	(0.9)
Surplus / (Deficit) for the Year to date	0.0	0.0	(0.9)	(0.9)
Capital Expenditure	295.3	45.5	45.5	0.0

- At 30 June 2013 the Board is reporting expenditure levels running £0.9m over budget. This is in line with the previous year's results for the first quarter.
- Expenditure on **Acute Services** is running over budget for the year to date with expenditure £0.5m over budget for the first quarter of 2013/14. The Acute Division continues to work to contain these overspends and expects to achieve an overall breakeven out-turn on its expenditure budget by the year end.
- Expenditure on **NHS partnerships** is running slightly over budget for the year to date. The main cost pressures continue to be additional expenditure within Mental Health Elderly Services budgets although these have been offset by reduced expenditure against other Care Group budgets. Expenditure on **Corporate Services** is also running marginally over budget due to in year cost pressures in legal fees and interpreting fees.
- The level of **capital expenditure** is in line with plan and reflects the timing of expenditure across a wide range of programmes.
- At this stage of the year based on discussions with Heads of Finance for Acute and Partnerships our overall assessment is that at 30 June 2013 the Board is running around £0.2m behind its year to date **cost savings target** against plan. Achieving the Board's overall savings target of £33.7m for 2013/14 will be one of the key factors in determining whether the Board will achieve a breakeven out-turn for the year.
- The Board has commenced a mid year review to determine whether it remains on track to deliver a breakeven out-turn for 2013/14. Early indications are that pressures exist in relation to prescribing and auto enrolment so work is underway to identify ways of addressing them. At this stage it is assumed that the Board will be able to identify and implement any necessary measures and so, for the meantime, in reporting to SGHSCD, it will continue to forecast a breakeven outturn for the year.

2. Income & Expenditure Report

Income Resources	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Core Allocation	2,174.6	499.1	499.1	0.0
FHS Non Cash Limited Allocation	151.4	37.9	37.9	0.0
Non Core Allocation	132.0	33.0	33.0	0.0
SGHD Income (Core & Non Core RRL)	2,458.0	570.0	570.0	0.0
Other Health Boards	212.2	53.1	53.1	0.0
National Services Division (NSD)	60.2	15.0	15.0	0.0
Additional Cost of Teaching (ACT)	15.6	3.9	3.9	0.0
NHS Education	56.2	14.2	14.2	0.0
Other Income	76.4	25.9	25.9	0.0
Total Income	2,878.6	682.1	682.1	0.0
Expenditure	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Acute	1,419.1	356.1	356.6	(0.5)
NHS Partnerships	1,151.1	282.9	283.1	(0.2)
Corporate and other Budgets	204.6	43.1	43.3	(0.2)
Unallocated Funds	44.6	0.0	0.0	0.0
Non Core Year End Expenditure	59.2	0.0	0.0	0.0
Total Expenditure	2,878.6	682.1	683.0	(0.9)

- The annual budget for income from other Health Boards is based on the rolled forward 2012/13 service level agreement values, plus inflation and updated to reflect agreed changes from the service level agreement costing model used by West of Scotland Boards. At this early stage of the year work is ongoing to conclude service level agreements in line with this model and reach agreement on final values for 2013/14.
- At 30 June 2013 the Board had £44.6m of funding still to be allocated. This is normal for this stage of the year and consists of a large number of individual allocations.

3. Acute Services

Directorate	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Surgery & Anaesthetics	273.7	70.0	70.3	(0.3)
Emergency Care & Medical	226.0	60.8	61.0	(0.2)
Rehabilitation & Assessment	125.6	31.9	31.9	0.0
Diagnostics Directorate	166.1	42.4	42.3	0.1
Regional Services	144.0	38.5	38.5	0.0
Women & Childrens Services	157.5	40.1	40.6	(0.5)
Facilities Directorate	187.5	47.8	47.5	0.3
Total Directorate Services	1,280.4	331.5	332.1	(0.6)
Acute Divisional Services	138.7	24.6	24.5	0.1
Total Acute Services	1,419.1	356.1	356.6	(0.5)

- At 30 June 2013, Acute Services are reporting expenditure levels running £0.5m higher than the year to date expenditure budget of £356.1m. The Directorates currently in an overspend position are Surgery & Anaesthetics, Women & Children's Services and Emergency Care & Medical. Pay budgets are currently breakeven, non pay is £0.4m overspent and savings plans are around £0.1m underachieved. This results in a net £0.5m negative variance.
- Overall pay costs across Directorates are currently breakeven with overspends in Medical and Nursing pays being offset by underspends in other clinical and non clinical pays at this stage of the year.
- Overall supplies costs and other non pay costs are running ahead of budget across the Division at this stage of the year mainly due to additional expenditure on surgical sundries, CSSD and diagnostic supplies. Hospital prescribing expenditure is currently running marginally under budget.
- The Division will review its base budget position and potential cost pressures as part of the Board's mid year review. Pressures in the first quarter of the year include the achievement of bed model savings and additional surgical supplies. The Division is currently forecasting a breakeven out-turn and a key factor will be the achievement of cost savings to mitigate increased costs in other areas.

4. NHS Partnerships

	Annual Budget £m	YTD Budget Total £m	YTD Actual Total £m	Overall Variance YTD £m
Glasgow CHP Citywide	34.4	6.3	6.3	0.0
Glasgow City CHP - North East	182.8	45.5	45.5	0.0
Glasgow City CHP - North West	177.5	43.6	43.6	0.0
Glasgow City CHP - South	170.0	42.9	42.9	0.0
Mental Health Specialist Directorates	33.2	8.0	8.0	0.0
Resource Transfer	63.7	15.9	15.9	0.0
Total Glasgow CHP	661.6	162.2	162.2	0.0
East Dunbartonshire CHP	78.6	20.2	20.2	0.0
East Renfrewshire CHCP	50.8	12.6	12.6	0.0
Inverclyde CHCP	72.2	17.6	17.6	0.0
North Lanarkshire CHP	9.6	2.4	2.4	0.0
Renfrewshire CHP	141.2	35.0	35.0	0.0
South Lanarkshire CHP	41.2	10.8	10.8	0.0
West Dunbartonshire CHCP	78.8	19.0	19.0	0.0
Total Non Glasgow CHPs/CHCPs	472.4	117.6	117.6	0.0
Total CHPs/CHCPs	1,134.0	279.8	279.8	0.0
Other Partnership Budgets	17.1	3.1	3.3	(0.2)
Total NHS Partnerships Expenditure	1,151.1	282.9	283.1	(0.2)

- ❑ Overall expenditure levels within NHS Partnerships are running over budget by £0.2m at 30 June 2013. The main cost pressure at this stage of the year is in Elderly Mental Health services although this is being offset by underspends in other service areas.
- ❑ All areas of expenditure in Partnerships are currently being reviewed as part of the Board's mid year review.
- ❑ Primary Care prescribing information is not available until two months after the month in which prescriptions are dispensed which means that the costs reported for the first 3 months to 30 June are based on the actual for April extrapolated for the year to date. As a result at this stage of the year it is not yet possible to make an accurate assessment of the in year position against budgets or estimate the likely outturn for 2013/14 and to monitor progress towards achievement of the Board's prescribing cost savings target of £24m.
- ❑ At this early stage of the year it is forecast that Partnerships will deliver a balanced overall position against budget for the current financial year.

5. Corporate and Other Budgets

	Annual Budget £m	YTD Budget Total £m	YTD Actual Total £m	Variance YTD £m
Corporate Directorates	126.2	29.0	29.1	(0.1)
Healthcare Purchases	78.4	14.1	14.2	(0.1)
Total Corporate & Other Budgets	204.6	43.1	43.3	(0.2)

- At 30 June 2013 overall expenditure on Corporate and other Budgets is running over budget by £0.2m. This variance is made up of a number of minor differences, none of which are considered significant at this stage of the year.
- A mid year review of all areas of expenditure is currently being undertaken and it is anticipated that overall expenditure will be contained within available budget at the year end.

6. Capital Expenditure Summary

	£m
Sources of Funds	
Anticipated Gross Capital Resource Limit (CRL) at 30 June	295.3
Total Capital Resources for 2013/14	295.3
Use of Capital Funds	
Allocated to Approved Schemes	295.3
Anticipated slippage 2013/14	0.0
Anticipated Expenditure for 2013/14	295.3
Expenditure to Date	
Expenditure to 30 June	45.5
Balance to be spent by 31 March 2014	249.8
Total Forecast Expenditure for 2013/14	295.3

- The Board's Capital Plan for 2013/14 was approved by the Board on 25 June 2013.
- The Board's anticipated Capital Resource Limit for 2013/14 is currently £295.3m. This includes funds brokeraged from 2012/13 as agreed with SGHSCD. The main capital schemes for 2013/14 are:
 - Acute Division – New South Glasgow Hospital (£218.6m), Formula Capital Allocation (£8.9m) and Medical Equipment Allocation (£5.8m);
 - Partnerships – Possilpark Health Centre (£6.3m) and phase 1 of the Older Peoples Mental Health inpatient beds scheme (£4.0m); and
 - Health Information & Technology – formula allocation (£4.5m).
- At each meeting of the Board's Capital Planning Group a review of forecast expenditure for each scheme in the Capital Plan is undertaken to assess the likely out-turn against the Board's Capital Resource Limit. At this early stage of the year it is anticipated that the Board's capital expenditure will remain within the Capital resource limit for 2013/14.
- Total expenditure incurred to 30 June 2013 on approved capital schemes was £45.5m.

7. Cost Savings Targets

- In developing its Financial Plan for 2013/14 the Board requires to set a cost savings target that will enable the Board to achieve a balanced out-turn.
- The total cost savings challenge for 2013/14 was set at £33.7m and 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 - £7.3m
 - Partnerships targets - £2.4m
 - Prescribing - £24m
- At this stage of the year our overall assessment is that at 30 June 2013 the Board is running approximately £0.2m behind its year to date cost savings plans. Within partnerships the shortfall of £0.1m against the in year savings target is mainly due to delays in planned ward closures within Elderly Mental Health services. Within the Acute Division a similar level of slippage (£0.1m) is being experienced at this stage of the year with a greater proportion of identified cost savings targets likely to deliver later in the year.
- A comprehensive assessment of progress against savings targets will be undertaken as part of the Board's mid year financial review.

8. Glossary of Terms

Income:

- ❑ **SGHD Income** - This represents the funding allocation received directly from the SGHD for the treatment of Greater Glasgow & Clyde patients and is based on the National Resource Allocation Committee formula. This can also be described as the Greater Glasgow & Clyde NHS Board's Revenue Resource Limit (RRL).
- ❑ **Income from other Scottish NHS Boards** - This represents income received from other Scottish Health Board areas for the treatment of their patients in Greater Glasgow & Clyde hospitals.
- ❑ **National Services Division** – This represents income received for national services provided by Greater Glasgow & Clyde hospitals.
- ❑ **Additional Cost of Teaching (ACT)** - This represents funding received from the SGHD to recognise the additional costs incurred by Boards that have responsibilities for training junior doctors.
- ❑ **NHS Education** - This represents funding received from NHS Education to cover the basic salary of doctors in training.
- ❑ **Other** - This includes all other Hospital and Community Services income sources and miscellaneous income.

Expenditure:

- ❑ **Acute** – This represents expenditure on the Acute Division clinical and management support services.
- ❑ **CHCPs/CHPs** – This represents expenditure on services provided within CHCPs including services provided by Primary Care practitioners and includes expenditure on Mental Health and Learning Disabilities inpatient services and also services for patients with addictions and 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, Corporate Planning and Public Health.
- ❑ **Other NHS Providers** - This represents expenditure on services provided by hospitals within other Health Board areas for the treatment of Greater Glasgow & Clyde patients where service agreements are in place.
- ❑ **Non Core Expenditure** – This represents expenditure charged against the Board's non core allocation from SGHD and typically includes expenditure on PFI schemes, depreciation of assets and asset impairments.
- ❑ **Resource Transfer** - This represents funding transferred to local authorities under partnership arrangements for the provision of care in the community and related services.
- ❑ **Other Healthcare Providers** - This represents the cost of services provided by other healthcare providers to Greater Glasgow & Clyde patients, including Independent Hospices and HIV/AIDS & Drugs Misuse.
- ❑ **Unallocated Funds** - This represents the total of provisions made within the Board's Revenue Plan where expenditure estimates remain to be firmed up. It is anticipated that this will reduce over the remainder of the year and expenditure estimates are firmed up and funding is released to service providers.