

Board

15 April 2014
Director of Finance

Paper No. 14/13

Financial Monitoring Report for the 11 month period to 28 February 2014

Introduction

The attached report shows that the Board is currently reporting a surplus of £9.7m for the 11 month period to 28 February. At this stage the Board is forecasting that a year end surplus of £10.0m will be achieved.

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

Recommendation

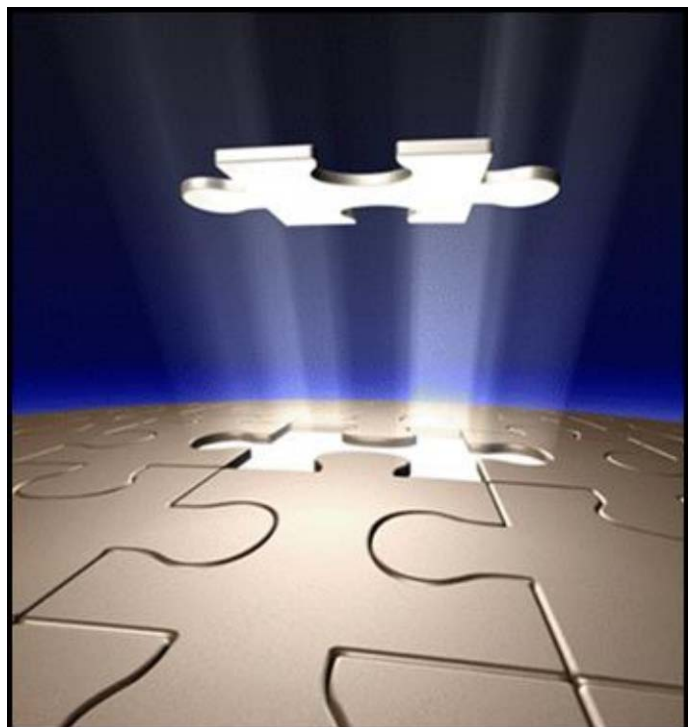
The Board is asked to note the financial performance for the first 11 months of the financial year.

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NHS Greater Glasgow & Clyde

Financial Monitoring Report for the 11 month period to 28 February 2014



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
Operational Variance	0.1
Surplus Funds Contribution to Planned Out-turn	9.6
Surplus Reported to 28 February 2014	9.7
	£m
Capital expenditure to 28 February 2014	226.8

Expenditure by Division	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Acute	1,509.2	1,361.5	1,361.7	(0.2)
NHS Partnerships	1,164.7	1,045.9	1,045.7	0.2
Corporate and other budgets	283.1	254.8	245.1	9.7
Total Expenditure	2,957.0	2,662.2	2,652.5	9.7

- ❑ The Board's projected funding for 2013/14 is £2,957.0m. At 28 February 2014 the Board is reporting a surplus of £9.7m principally due to the release of previously unallocated funds. This compares to a surplus of £7.1m for the period to 31 January 2014. The Board continues to forecast a surplus of £10.0m for 2013/14.
- ❑ Expenditure on **Acute Services** is £0.2m over budget for the first 11 months of 2013/14 which represents a further in month improvement of £0.4m. The Acute Division reports the year to date cost savings target being achieved and is working towards an overall breakeven out-turn on its expenditure budget by the year end.
- ❑ Expenditure on **NHS Partnerships** is now under budget by £0.2m for the year to date. This has been achieved mainly due to high levels of staff turnover in a number of services including Adult Community Services. The Partnerships are working towards an overall breakeven out-turn on their expenditure budget by the year end.
- ❑ Expenditure on **Corporate Services** remains slightly under budget for the first 11 months of the year.
- ❑ There has been some slippage in the level of **capital expenditure** compared to plan and action is being taken to address this to ensure that a balanced year end position is achieved.
- ❑ At this stage of the year, based on discussions with Heads of Finance for Acute and Partnerships, the Board is running around £0.5m ahead of its year to date **cost savings target** against plan. This reflects the inclusion of alternative savings.
- ❑ As noted above the Board has identified a surplus of Unallocated Funds which will not be required in 2013/14. The Board is planning to achieve a year end surplus of £10m which, with the agreement of SGHSCD, will be carried forward to fund the transitional costs of the New South Glasgow Hospital in 2014/15.

2. Acute Services

Directorate	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Surgery & Anaesthetics	288.9	264.7	266.5	(1.8)
Emergency Care & Medical	249.1	228.1	230.1	(2.0)
Rehabilitation & Assessment	130.5	119.4	119.0	0.4
Diagnostics Directorate	173.3	158.1	157.5	0.6
Regional Services	163.4	151.8	151.5	0.3
Women & Childrens Services	169.8	153.8	154.2	(0.4)
Facilities Directorate	197.1	178.9	178.6	0.3
Total Directorate Services	1,372.1	1,254.8	1,257.4	(2.6)
Acute Divisional Services	137.1	106.7	104.3	2.4
Total Acute Services	1,509.2	1,361.5	1,361.7	(0.2)

- ❑ At 28 February 2014, Acute Services are reporting expenditure levels running £0.2m higher than the year to date expenditure budget of £1,361.5m. The Division is working to ensure it can mitigate this overspend and contain any additional cost pressures within budget.
- ❑ Overall pay costs across the Directorates are running under budget by £0.1m with overspends in Medical and Nursing pay being offset by underspends in other clinical and non clinical pay at this stage of the year. The overspend in Medical pay in particular is due to the ongoing costs associated with agency staff, locums and waiting list initiatives across a number of specialties.
- ❑ Overall supplies costs and other non pay costs excluding prescribing are running ahead of budget by £0.6m across the Directorates at this stage of the year mainly due to additional expenditure on surgical sundries and CSSD.
- ❑ Hospital prescribing expenditure is running slightly under budget by £0.3m mainly due to prescribing efficiencies in Surgery & Anaesthetics.

3. NHS Partnerships

	Annual Budget £m	YTD Budget Total £m	YTD Actual Total £m	Overall Variance YTD £m
Glasgow CHP Citywide	98.6	85.3	86.1	(0.8)
Glasgow City CHP - North East	187.3	167.4	167.1	0.3
Glasgow City CHP - North West	178.1	162.2	162.0	0.2
Glasgow City CHP - South	172.5	156.6	156.2	0.4
Mental Health Specialist Directorates	33.8	30.6	30.5	0.1
Total Glasgow CHP	670.3	602.1	601.9	0.2
East Dunbartonshire CHP	83.8	75.8	75.7	0.1
East Renfrewshire CHCP	52.1	46.6	46.6	0.0
Inverclyde CHCP	73.7	66.6	66.6	0.0
North Lanarkshire CHP	9.6	8.6	8.6	0.0
Renfrewshire CHP	144.1	129.7	129.6	0.1
South Lanarkshire CHP	41.4	37.5	37.5	0.0
West Dunbartonshire CHCP	79.8	70.5	70.5	0.0
Total Non Glasgow CHPs/CHCPs	484.5	435.3	435.1	0.2
Total CHPs/CHCPs	1,154.8	1037.4	1037.0	0.4
Other Partnership Budgets	9.9	8.5	8.7	(0.2)
Total NHS Partnerships Expenditure	1,164.7	1045.9	1045.7	0.2

- ❑ Overall expenditure levels within NHS Partnerships are now marginally under budget by £0.2m at 28 February 2014. The main cost pressure remains the delay in implementing savings schemes within Elderly Mental Health services.
- ❑ Prescribing costs are running marginally under budget due to lower than anticipated cost and volume increases.
- ❑ At this stage of the year it is forecast that Partnerships will deliver a balanced overall position against budget for the current financial year.

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	132.8	114.0	113.7	0.3
Healthcare Purchases	73.1	67.1	67.3	(0.2)
Impairments and Provisions	67.0	64.1	64.1	0.0
Other	10.2	9.6	0.0	9.6
Total Corporate & Other Budgets	283.1	254.8	245.1	9.7

- ❑ At 28 February 2014 overall expenditure on Corporate and other Budgets is running under budget by £0.1m.
- ❑ It is anticipated that overall expenditure within the Corporate Directorates and on Healthcare Purchases will be contained within available budget at the year end.

5. Capital Expenditure

	£m
Sources of Funds	
Anticipated Gross Capital Resource Limit (CRL) at 28 February	299.2
Total Capital Resources for 2013/14	299.2
Use of Capital Funds	
Allocated to Approved Schemes	299.2
Anticipated slippage 2013/14	0.0
Anticipated Expenditure for 2013/14	299.2
Expenditure to Date	
Expenditure to 28 February	226.8
Balance to be spent by 31 March 2014	72.4
Total Forecast Expenditure for 2013/14	299.2

- ❑ 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 £299.2m.
- ❑ The main capital schemes for 2013/14 are:
 - Acute Division – New South Glasgow Hospital and Laboratory (£220.0m), Formula Capital Allocation (£8.9m) and Medical Equipment Allocation (£10.3m);
 - Partnerships – Possilpark Health Centre (£6.3m), Dental Hospital phased upgrades (£3.0m) and the relocation of Psychiatry inpatient beds from the Southern General to Leverndale (£3.1m); and
 - Health Information & Technology – formula allocation (£6.0m).
- ❑ 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. Under a brokerage agreement with SGHSCD £7m of capital funding has been returned by the end of February. Actions have also been agreed to address slippage in the capital expenditure programme to date and as a result it is anticipated that the Board's capital expenditure will remain within the Capital Resource Limit for 2013/14.
- ❑ Total expenditure incurred to 28 February 2014 on approved capital schemes was £226.8m.

6. 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
 - Partnership targets - £2.4m
 - Prescribing - £24m
- ❑ At this stage of the year our overall assessment is that at 28 February 2014 the Board is running approximately £0.5m ahead of its year to date cost saving target.
- ❑ Achievement of the Board's overall cost saving target remains crucial to achieving the forecast break even outturn on operating activities at the end of the year.

7. Glossary of Terms

Income:

- SGHSCD Income - This represents the funding allocation received directly from the SGHSCD 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 SGHSCD 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 SGHSCD 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 which have not yet been distributed to divisions.