

**Board**

**19 August 2014**  
**Interim Director of Finance**

**Paper No. 14/49**

**Financial Monitoring Report for the 3 month period to 30 June 2014**

**Introduction**

The attached report shows that the Board is currently reporting a deficit of £1.2m for the 3 month period to 30 June. At this stage the Board is forecasting that a year end break even out - turn will be achieved.

The report also includes details of expenditure to date against the Board's 2014/15 capital allocation.

**Recommendation**

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

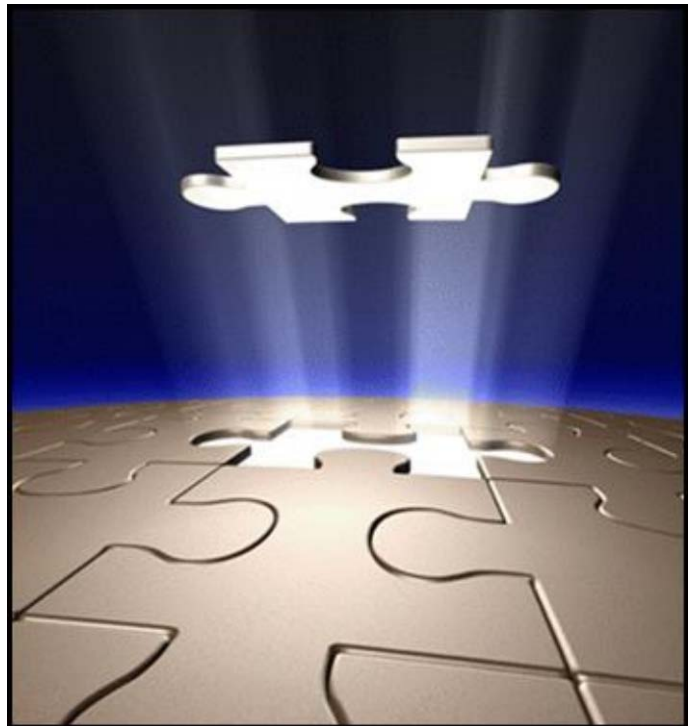
**James Hobson**  
**Interim Director of Finance**

0141 201 4774

# NHS Greater Glasgow & Clyde

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## Financial Monitoring Report for the 3 month period to 30 June 2014



# Introduction

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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

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	£m
Overspend Reported to 30 June 2014	(1.2)

	£m
Capital expenditure to 30 June 2014	22.6

Expenditure by Division	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Acute	1,486.6	370.1	371.1	(1.0)
NHS Partnerships	1,123.6	273.2	273.5	(0.3)
Corporate and other budgets	353.1	53.7	53.6	0.1
<b>Total Expenditure</b>	<b>2,963.3</b>	<b>697.0</b>	<b>698.2</b>	<b>(1.2)</b>

- ❑ The Financial Plan for 2014/15 was approved by the Board on 24<sup>th</sup> June 2014. The non recurring surplus of £10m achieved in 2013/14 will be available to the Board in 2015/16 to fund double running costs on the opening of the New South Glasgow Hospitals. The new hospitals will be handed over to the Board in early 2015 and some of the available surplus can be released in 2014/15 if required.
- ❑ The Board's projected funding for 2014/15 is currently £2,963.3m. This includes funding for the eHealth strategy and for effective prevention programmes such as the Adult and Child Healthy Weight Intervention programmes and Smoking Cessation and Prevention.
- ❑ At 30 June 2014 the Board is reporting expenditure levels of £1.2m over budget. This is close to the Board's planned trajectory to achieve breakeven by 31 March 2015.
- ❑ Expenditure on **Acute Services** is £1.0m over budget for the first 3 months of 2014/15.
- ❑ Expenditure on **NHS Partnerships** is over budget by £0.3m for the year to date.
- ❑ Expenditure on **Corporate Services** remains slightly under budget for the first 3 months of the year.
- ❑ **Capital expenditure** in the first quarter amounts to £22.6m and it is anticipated that a balanced year end position will be achieved.
- ❑ At this stage of the year the Board is close to its year to date **cost savings target** against plan.

## 2. Acute Services

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Directorate	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Surgery & Anaesthetics	283.5	72.5	72.9	(0.4)
Emergency Care & Medical	239.9	63.2	64.0	(0.8)
Rehabilitation & Assessment	130.1	32.9	33.0	(0.1)
Diagnostics Directorate	172.7	43.5	43.7	(0.2)
Regional Services	157.4	42.4	42.7	(0.3)
Women & Childrens Services	162.2	40.9	41.8	(0.9)
Facilities Directorate	193.4	48.1	48.1	0.0
<b>Total Directorate Services</b>	<b>1,339.2</b>	<b>343.5</b>	<b>346.2</b>	<b>(2.7)</b>
Acute Divisional Services	147.4	26.6	24.9	1.7
<b>Total Acute Services</b>	<b>1,486.6</b>	<b>370.1</b>	<b>371.1</b>	<b>(1.0)</b>

- ❑ Expenditure on Acute Services was £1.0m over budget at the end of the first quarter.
- ❑ The main cost pressures are within medical pay budgets due to additional activity in the first quarter. The directorates are reviewing the additional spend on Medical Agency, locums and waiting list initiatives across a number of specialities with a view to returning to a balanced position later in the year.
- ❑ Overall supplies costs and other non pay costs excluding prescribing are running ahead of budget by £0.2m at the end of month 3 mainly due to additional expenditure on surgical sundries and CSSD (Clinical Sterile Supplies Department).
- ❑ Hospital prescribing expenditure is in line with budget at the end of the first 3 months. There has been a significant investment in prescribing to fund a substantial forecast increase in drug costs and this area will require to be monitored throughout the year to ensure a balanced outturn is achieved

### 3. NHS Partnerships

	Annual Budget £m	YTD Budget Total £m	YTD Actual Total £m	Overall Variance YTD £m
Glasgow CHP Citywide	102.8	25.3	25.0	0.3
Glasgow City CHP - North East	189.6	46.2	46.5	(0.3)
Glasgow City CHP - North West	178.6	43.7	43.7	0.0
Glasgow City CHP - South	168.5	42.2	42.2	0.0
Mental Health Specialist Directorates	35.0	8.6	8.6	0.0
<b>Total Glasgow CHP</b>	<b>674.5</b>	<b>166.0</b>	<b>166.0</b>	<b>0.0</b>
East Dunbartonshire CHP	81.4	21.0	21.0	0.0
East Renfrewshire CHCP	51.6	12.4	12.4	0.0
Inverclyde CHCP	72.6	17.3	17.3	0.0
Renfrewshire CHP	141.9	34.3	34.2	0.1
South Lanarkshire CHP	0.2	0.0	0.0	0.0
West Dunbartonshire CHCP	77.7	18.8	18.8	0.0
<b>Total Non Glasgow CHPs/CHCPs</b>	<b>425.4</b>	<b>103.8</b>	<b>103.7</b>	<b>0.1</b>
<b>Total CHPs/CHCPs</b>	<b>1,099.9</b>	<b>269.8</b>	<b>269.7</b>	<b>0.1</b>
<b>Other Partnership Budgets</b>	23.7	3.4	3.8	(0.4)
<b>Total NHS Partnerships Expenditure</b>	<b>1,123.6</b>	<b>273.2</b>	<b>273.5</b>	<b>(0.3)</b>

- ❑ Overall expenditure levels within NHS Partnerships are marginally over budget by £0.3m at 30 June 2014.
- ❑ At this stage of the year it is forecast that Partnerships will deliver a balanced overall position against budget for the current financial year. In general most operational budgets are in a balanced position and the reported deficit largely relates to a potential shortfall in income arising from the boundary change with NHS Lanarkshire. Work continues to close this gap but until final agreement on transitional funding is reached the Board continues to recognise and report this as a potential cost pressure.

## 4. Corporate and Other Budgets

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	Annual Budget £m	YTD Budget Total £m	YTD Actual Total £m	Variance YTD £m
<b>Corporate Directorates and Other Budgets</b>				
Corporate Directorates	229.4	36.5	36.0	0.5
Healthcare Purchases	68.0	17.0	17.4	(0.4)
Impairments and Provisions	55.7	0.2	0.2	0.0
Other	0.0	0.0	0.0	0.0
<b>Total Corporate &amp; Other Budgets</b>	<b>353.1</b>	<b>53.7</b>	<b>53.6</b>	<b>0.1</b>

- At 30 June 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 the available budget at the year end.

## 5. Capital Expenditure

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	£m
<b>Sources of Funds</b>	
Anticipated Gross Capital Resource Limit (CRL) at 30 June	179.5
<b>Total Capital Resources for 2014/15</b>	<b>179.5</b>
<b>Use of Capital Funds</b>	
Allocated to Approved Schemes	179.5
Anticipated slippage 2014/15	0.0
<b>Anticipated Expenditure for 2014/15</b>	<b>179.5</b>
<b>Expenditure to Date</b>	
Expenditure to 30 June	22.6
Balance to be spent by 31 March 2015	156.9
<b>Total Forecast Expenditure for 2014/15</b>	<b>179.5</b>

- ❑ The Board's Capital Plan for 2014/15 was approved by the Board on 24 June 2014.
- ❑ The Board's anticipated Capital Resource Limit for 2014/15 is currently £179.5m.
- ❑ The main capital schemes for 2014/15 are:
  - Acute Division – New South Glasgow Hospital and Laboratory (£121.9m), Radiotherapy Equipment replacement (£6.7m) and Medical Equipment Allocation (£5m);
  - Partnerships – Older Peoples Mental Health Scheme at Stobhill (£3.2m) and the new health facility at East Pollokshields (£2.3m)
  - Health Information & Technology – formula allocation (£3.1m).
- ❑ 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. It is anticipated that the Board's capital expenditure will remain within the Capital Resource Limit for 2014/15.
- ❑ Total expenditure incurred to 30 June 2014 on approved capital schemes was £22.6m.



## 6. Cost Savings Targets

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- ❑ In developing its Financial Plan for 2014/15 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 2014/15 was set at £32.9m 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 - £18.9m
  - Partnership targets - £6.0m
  - Corporate - £1.5m
  - Prescribing - £6.5m
- ❑ At this stage of the year our overall assessment is that at 30 June 2014 the Board is running close to achieving 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

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## **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.