

Board

17 February 2015
Interim Director of Finance

Paper No. 15/09

Financial Monitoring Report for the 9 month period to 31 December 2014

Introduction

The attached report shows that the Board is currently reporting an overspend of £0.7m for the 9 month period to 31 December 2014. At this stage the Board is forecasting that a year end break even outturn will be achieved.

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

Recommendation

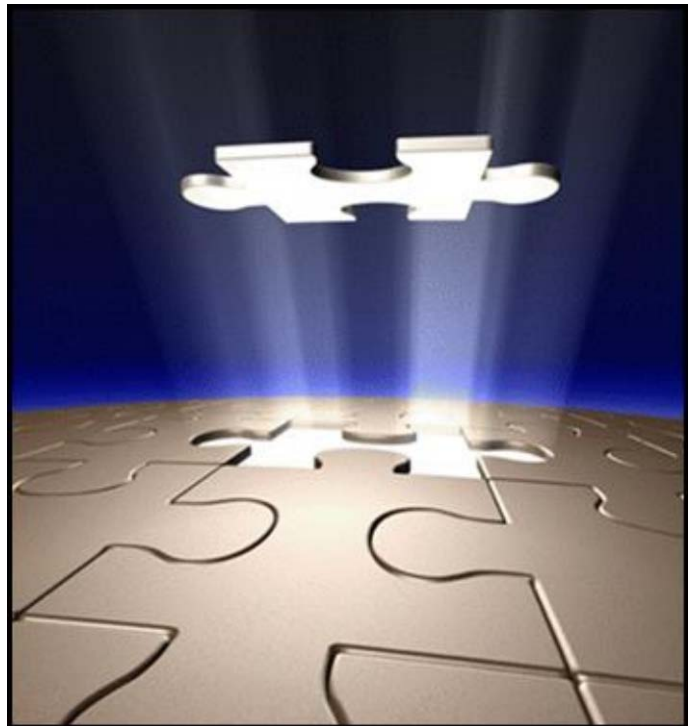
The Board is asked to note the financial performance for the first 9 months of the financial year.

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NHS Greater Glasgow and Clyde

Financial Monitoring Report for the 9 month period to 31 December 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
Overspend Reported to 31 December 2014	(0.7)

	£m
Capital expenditure to 31 December 2014	81.8

Expenditure by Division	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Acute	1,513.1	1,145.5	1,146.0	(0.5)
NHS Partnerships	1,139.9	837.8	838.0	(0.2)
Corporate and Other Budgets	282.9	145.3	145.3	0.0
Total Expenditure	2,935.9	2,128.6	2,129.3	(0.7)

- ❑ The Financial Plan for 2014/15 was approved by the Board on 24th 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 have now been handed over to the Board and some of the available surplus can be released in 2014/15 if required.
- ❑ The Board's projected funding for 2014/15 is currently £2,935.9m. This includes funding received during December to support waiting times standards and delivery of the treatment time guarantee. Additional funding was also received during the month for family nursing and the implementation of the new electronic Employee Support System.
- ❑ At 31 December 2014 the Board is reporting expenditure levels of £0.7m over budget. This represents an improvement of £0.1m since 30 November and is slightly ahead of the Board's planned trajectory to achieve breakeven by 31 March 2015.
- ❑ Expenditure on **Acute Services** is £0.5m over budget at the 31 December 2014.
- ❑ Expenditure on **NHS Partnerships** is over budget by £0.2m for the year to date.
- ❑ Expenditure on **Corporate Services and Other Budgets** is in line with budget for the first 9 months of the year.
- ❑ **Capital expenditure** in the year to date amounts to £81.8m and it is anticipated that a balanced year end position will be achieved.
- ❑ At this stage of the year the Board is ahead of its year to date **cost savings target** against plan.

2. Acute Services

Directorate	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Surgery & Anaesthetics	290.5	219.7	221.2	(1.5)
Emergency Care & Medical	260.4	202.5	204.9	(2.4)
Rehabilitation & Assessment	134.4	99.3	99.2	0.1
Diagnostics	177.2	132.4	132.4	0.0
Regional Services	171.7	131.9	131.9	0.0
Women & Children's Services	170.9	129.3	130.5	(1.2)
Facilities	197.5	146.7	146.2	0.5
Total Directorate Services	1,402.6	1,061.8	1,066.3	(4.5)
Acute Divisional Services	110.5	83.7	79.7	4.0
Total Acute Services	1,513.1	1,145.5	1,146.0	(0.5)

- At 31 December 2014, Acute Services are reporting expenditure levels running £0.5m higher than the year to date expenditure budget of £1,145.5m. Additional funding of £1.5m has been provided in recognition of pay inflation pressures and this helped to improve the in year and forecast position. In recent months activity levels have led to significant increased costs, particularly in medical and nursing salaries due to locum and agency costs. The Division is working to ensure it can mitigate this overspend and contain any additional cost pressures within budget.
- 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. The Board has anticipated that additional funding will be required to meet increased demand over the coming months and has provided for this in its out-turn forecast.
- The Division has been working to identify the current year transitional costs that will be required to support the commissioning of the new hospitals. This has been estimated at just over £5.6m and is broadly in line with the requirement currently being assumed in the Board's overall out-turn forecast.
- Hospital prescribing expenditure remains marginally over budget at the end of month 9 mainly due to the impact of a newly licensed drug for the treatment of Hepatitis C. The Board has made additional provision within the out-turn forecast to allow for the expected costs associated with this treatment in the final months of 2014/15. The Board has subsequently received an additional funding allocation of £3.6m from the Scottish Government to offset drug cost pressures.

3. NHS Partnerships

	Annual Budget £m	YTD Budget Total £m	YTD Actual Total £m	Overall Variance YTD £m
Glasgow CHP Citywide	102.6	74.4	74.5	(0.1)
Glasgow City CHP - North East	193.1	142.9	143.3	(0.4)
Glasgow City CHP - North West	181.2	134.4	134.2	0.2
Glasgow City CHP - South	177.8	132.5	132.1	0.4
Mental Health Specialist Directorates	35.3	26.3	26.3	0.0
Total Glasgow CHP	690.0	510.5	510.4	0.1
East Dunbartonshire CHP	85.6	64.1	64.0	0.1
East Renfrewshire CHCP	52.5	38.4	38.4	0.0
Inverclyde CHCP	73.8	54.6	54.6	0.0
Renfrewshire CHP	144.2	106.0	106.0	0.0
West Dunbartonshire CHCP	79.5	58.5	58.4	0.1
Total Non Glasgow CHPs/CHCPs	435.6	321.6	321.4	0.2
Total CHPs/CHCPs	1,125.6	832.1	831.8	0.3
Other Partnership Budgets	14.3	5.7	6.2	(0.5)
Total NHS Partnerships	1,139.9	837.8	838.0	(0.2)

- ❑ Overall expenditure levels within NHS Partnerships are marginally over budget by £0.2m at 31 December 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.
- ❑ There are a number of other areas where cost pressures are being experienced including GMS premises and seniority payments, community equipment budgets and continence services but these are being offset by underspends in other areas, principally within pay budgets.
- ❑ GP Prescribing expenditure is currently in line with budget based on actual expenditure for the period to 31 October extrapolated to 31 December. Prescribing can be volatile and, therefore, will be closely monitored during the remaining months of 2014/15.
- ❑ Work is currently underway to prepare the opening budgets for Health and Social Care Partnerships which “go live” on 1 April 2015. A collective process has been adopted between NHSGGC and its 6 Local Authority partners and progress will be reported in more detail as draft opening budgets are finalised over the coming months.

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	136.1	97.4	96.9	0.5
Healthcare Purchases	64.0	47.9	48.4	(0.5)
Impairments and Provisions	54.6	0.0	0.0	0.0
Other	28.2	0.0	0.0	0.0
Total Corporate & Other Budgets	282.9	145.3	145.3	0.0

- ❑ At 31 December 2014 overall expenditure on Corporate and other Budgets is running in line with budget.
- ❑ 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

	£m
Sources of Funds	
Anticipated Gross Capital Resource Limit (CRL) at 31 December	165.1
Total Capital Resources for 2014/15	165.1
Use of Capital Funds	
Allocated to Approved Schemes	165.1
Anticipated slippage 2014/15	0.0
Anticipated Expenditure for 2014/15	165.1
Expenditure to Date	
Expenditure to 31 December	81.8
Balance to be spent by 31 March 2015	83.3
Total Forecast Expenditure for 2014/15	165.1

- ❑ The Board's Capital Plan for 2014/15 was approved by the Board on 24 June 2014.
- ❑ The Board's anticipated Gross Capital Resource Limit for 2014/15 is currently £165.1m.
- ❑ Forecast capital expenditure for 2014/15 includes the following main schemes:
 - Acute Division – New South Glasgow Hospital and Laboratory (£112.0m), Radiotherapy Equipment replacement (£4.8m) and Medical Equipment Allocation (£5.1m);
 - 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 (£5.8m).
- ❑ Detailed programme reviews have been undertaken in respect of each capital scheme in order to forecast all potential year end variances. Where appropriate corrective action has been identified to ensure that the Capital Plan for 2014/15 remains in balance. The forecast out-turn will continue to be reviewed over the coming months.
- ❑ Discussions have been concluded with Scottish Government to agree the amount of funding that can be carried forward for use on schemes that will be completed in 2015/16. This has been finalised at £15.0m.
- ❑ Total expenditure incurred to 31 December 2014 on approved capital schemes was £81.8m.

6. Cost Savings Targets

- ❑ In developing its Financial Plan for 2014/15, the Board required 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 31 December 2014 the Board is running ahead of its year to date cost saving target.
- ❑ Achievement of the Board's overall cost saving target remains an important factor in achieving the forecast break even outturn on operating activities at the end of the year.

7. Glossary of Terms

Expenditure:

- Acute – This represents expenditure on the Acute Division clinical and management support services.
- CHCPs/CHPs – This represents expenditure on services provided within CH(C)Ps 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.
- Healthcare Purchases - This represents the cost of services provided by other healthcare providers to Greater Glasgow and Clyde patients, including Independent Hospices and HIV/AIDS & Drugs Misuse.
- Impairments – This represents the accelerated depreciation required to write off the net book value of an asset over its remaining life.
- Provisions - This represents the total of provisions made within the Board's Revenue Plan where which have not yet been distributed to divisions.
- Other – This represents funds received which have not yet been allocated to an expenditure budget.