

Board

21 April 2015
Director of Finance

Paper No. 15/18

Financial Monitoring Report for the 11 month period to 28 February 2015

Introduction

The attached report shows that the Board is currently reporting a breakeven out-turn against budget for the 11 month period to 28 February 2015. At this stage the Board is forecasting that a year end breakeven out-turn will be achieved.

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

Recommendation

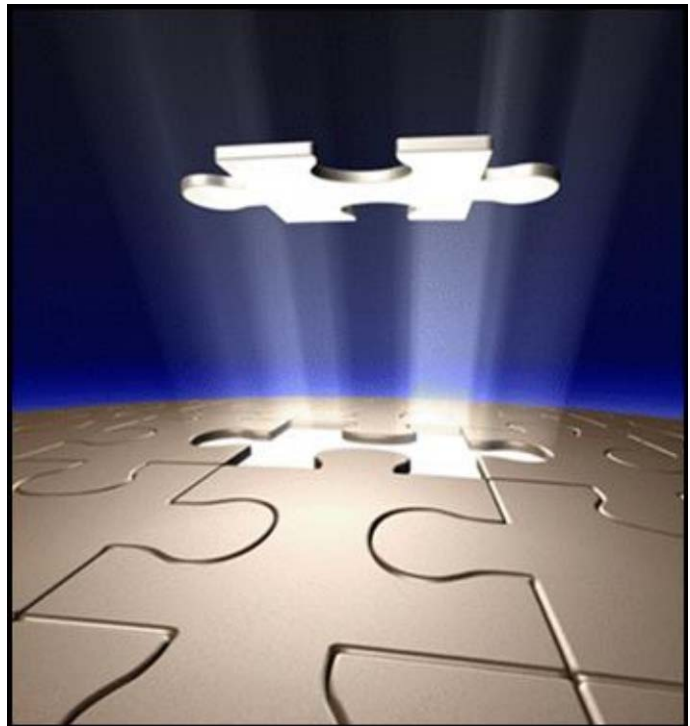
The Board is asked to note the financial performance for the first 11 months of the financial year.

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NHS Greater Glasgow and Clyde

Financial Monitoring Report for the 11 month period to 28 February 2015



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
Out-turn Reported to 28 February 2015	0.0

	£m
Capital expenditure to 28 February 2015	108.4

Expenditure by Division	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Acute	1,540.8	1,409.7	1,409.7	0.0
NHS Partnerships	1,140.5	1,025.4	1,025.4	0.0
Corporate and Other Budgets	271.2	173.4	173.4	0.0
Total Expenditure	2,952.5	2,608.5	2,608.5	0.0

- ❑ The Financial Plan for 2014/15 was approved by the Board on 24th June 2014. The Board planned to deliver a breakeven out-turn for the year leaving the non recurring surplus of £10m achieved in 2013/14 to be available to the Board in 2015/16 to fund double running costs on the opening of the New South Glasgow Hospitals. At this stage the Board remains on track to achieve these objectives.
- ❑ The Board's projected funding for 2014/15 is currently £2,952.5m. During February the Board received £5.4m of funding from the New Medicines Fund to offset in year new drug cost pressures. Other one off allocations of note received during the month were to cover the cost of integrating the electronic Knowledge and Skills Framework (eKSF) into the electronic Employee Support System, for the implementation of the winter Local Unscheduled Care Action Plan and for delayed discharges.
- ❑ At 28 February 2015 the Board is reporting expenditure levels in line with budget. This represents an improvement of £0.3m since 31 January and is slightly ahead of the Board's planned trajectory to achieve breakeven by 31 March 2015.
- ❑ Expenditure on **Acute Services** is breakeven against budget at 28 February 2015.
- ❑ Expenditure on **NHS Partnerships** is breakeven against budget for the year to date.
- ❑ Expenditure on **Corporate Services and Other Budgets** is also breakeven against budget after 11 months of the year.
- ❑ **Capital expenditure** in the year to date amounts to £108.4m and it is anticipated that a balanced year end position will be achieved against the Board's capital Resource Limit (CRL).
- ❑ 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	292.0	268.7	270.5	(1.8)
Emergency Care & Medical	268.4	250.2	253.8	(3.6)
Rehabilitation & Assessment	135.8	122.9	122.7	0.2
Diagnostics	178.2	161.6	161.3	0.3
Regional Services	177.0	162.1	161.6	0.5
Women & Children's Services	173.0	158.5	159.6	(1.1)
Facilities	197.4	179.5	178.7	0.8
Total Directorate Services	1,421.8	1,303.5	1,308.2	(4.7)
Acute Divisional Services	119.0	106.2	101.5	4.7
Total Acute Services	1,540.8	1,409.7	1,409.7	0.0

- At 28 February 2015, Acute Services are reporting expenditure levels in line with the year to date expenditure budget of £1,409.7m. This represents a further improvement of £0.3m during the month. Although the overall Division is breakeven at 28th February and pay budgets overall are in line with budget, additional activity, mainly within the Emergency Care and Medical Directorate, has led to significant cost pressures in medical and nursing salaries due to locum and agency costs but these are being offset by underspends in non clinical pay areas.
- The Board has identified additional in year funding to meet ongoing service pressures, including additional activity over the winter months and this will assist the Division to achieve their forecast breakeven position at 31 March 2015. The Division remains focused on developing an action plan to effectively deal with these pressures moving forward into 2015/16. Funds have also been identified to cover the commissioning costs of the new hospitals which are expected to be in line with forecast.
- Hospital prescribing expenditure remains marginally over budget at the end of month 11 mainly due to the impact of a newly licensed drug for the treatment of Hepatitis C and other new drugs. This has been experienced across Scotland and during February the Board received an additional funding allocation of £5.4m from the Scottish Government's New Medicines Fund to offset these drug cost pressures. The Board has made additional provision within the out-turn forecast to allow for the expected costs associated with this treatment in the final month of 2014/15.

3. NHS Partnerships

	Annual Budget £m	YTD Budget Total £m	YTD Actual Total £m	Overall Variance YTD £m
Glasgow CHP Citywide	103.3	92.5	92.4	0.1
Glasgow City CHP - North East	193.3	174.0	174.3	(0.3)
Glasgow City CHP - North West	181.2	165.1	164.8	0.3
Glasgow City CHP - South	178.2	161.8	161.5	0.3
Mental Health Specialist Directorates	34.9	31.5	31.5	0.0
Total Glasgow CHP	690.9	624.9	624.5	0.4
East Dunbartonshire CHP	85.4	78.0	77.9	0.1
East Renfrewshire CHCP	52.7	46.8	46.8	0.0
Inverclyde CHCP	73.9	67.5	67.5	0.0
Renfrewshire CHP	144.3	130.5	130.5	0.0
West Dunbartonshire CHCP	79.7	71.4	71.4	0.0
Total Non Glasgow CHPs/CHCPs	436.0	394.2	394.1	0.1
Total CHPs/CHCPs	1,126.9	1,019.1	1,018.6	0.5
Other Partnership Budgets	13.6	6.3	6.8	(0.5)
Total NHS Partnerships	1,140.5	1,025.4	1,025.4	0.0

- ❑ Overall expenditure levels within NHS Partnerships are breakeven against budget at 28 February 2015. The Partnerships forecast that this balanced overall position against budget will be maintained for the current financial year.
- ❑ There are a number of 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 December extrapolated to 28 February. Prescribing can be volatile and, therefore, will be closely monitored during the final month of 2014/15 but it is anticipated that an overall breakeven position will be achieved.
- ❑ In recent months work has been undertaken with Local Authority partners to establish the opening budgets for Integrated Joint Boards (IJBs). It is anticipated that when established IJBs will have a balanced opening budget for NHS services.

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	144.7	109.5	109.5	0.0
Healthcare Purchases	64.3	59.2	59.2	0.0
Impairments and Provisions	51.6	0.0	0.0	0.0
Other	10.6	4.7	4.7	0.0
Total Corporate & Other Budgets	271.2	173.4	173.4	0.0

- ❑ At 28 February 2015 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 28 February	165.8
Total Capital Resources for 2014/15	165.8
Use of Capital Funds	
Allocated to Approved Schemes	165.8
Anticipated slippage 2014/15	0.0
Anticipated Expenditure for 2014/15	165.8
Expenditure to Date	
Expenditure to 28 February	108.4
Balance to be spent by 31 March 2015	57.4
Total Forecast Expenditure for 2014/15	165.8

- ❑ 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 £165.8m. This includes additional funding of £0.4m received during February for neurosurgical instruments to meet vCJD requirements.
- ❑ Forecast capital expenditure for 2014/15 includes the following main schemes:
 - Acute Division – New South Glasgow Hospital and Laboratory (£112.4m), Radiotherapy Equipment replacement (£4.8m) and Medical Equipment Allocation (£6.5m);
 - 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 (£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 taken to ensure that the Capital Plan for 2014/15 remains in balance. The forecast out-turn will continue to be reviewed during the final month of the year.
- ❑ The Scottish Government has agreed that £15.0m of funding can be carried forward for use on schemes that will be completed in 2015/16.
- ❑ Total expenditure incurred to 28 February 2015 on approved capital schemes was £108.4m. It is normal and expected, for a significant proportion of the capital allocation to be spent in March as completion certificates for capital schemes including the new hospitals are finalised.

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 28 February 2015 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.