

Board

18 August 2015
Director of Finance

Paper No. 15/46

Financial Monitoring Report for the 3 month period to 30 June 2015

Introduction

The attached report shows that the Board is currently reporting an overspend out-turn against budget for the 3 month period to 30 June 2015 of £4.4m. At this stage the Board is forecasting that a year end breakeven out-turn will be achieved, however there are significant risks underpinning this forecast.

The report also includes details of expenditure to date against the Board's 2015/16 capital allocation.

Recommendation

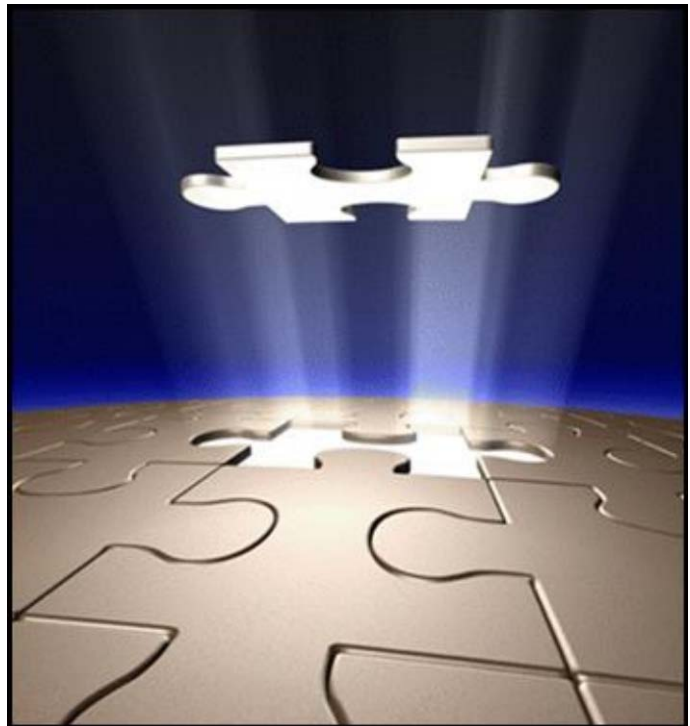
The Board is asked to note the financial performance for the first 3 months of the financial year.

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Director of Finance

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NHS Greater Glasgow and Clyde

Financial Monitoring Report for the 3 month period to 30 June 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 30 June 2015	(4.4)

	£m
Capital expenditure to 30 June 2015	6.9

Expenditure by Division	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Acute	1,545.3	397.7	400.6	(2.9)
NHS Partnerships	1,149.9	276.5	278.0	(1.5)
Corporate and Other Budgets	290.3	72.2	72.2	0.0
Total Expenditure	2,985.5	746.4	750.8	(4.4)

- ❑ The Financial Plan for 2015/16 was approved by the Board on 24th June 2015. The Board plans to manage anticipated in year costs pressures to deliver a breakeven out-turn for the year.
- ❑ The Board's projected funding for 2014/15 is currently £2,985.5m. During June the Board received £1.0m of non recurring support to achieve waiting time targets at the new Queen Elizabeth University Hospital. The £10m surplus achieved in 2014/15 and banked with the Scottish Government has also been returned to the Board and is being used to cover the remaining transitional costs of the new hospitals.
- ❑ At 30 June 2015 the Board is reporting expenditure levels running £4.4m ahead of budget. This is considerably behind the Board's planned trajectory of £1m ahead of budget to achieve breakeven by 31 March 2015.
- ❑ Expenditure on **Acute Services** is overspent by £2.9m compared to budget at 30 June 2015.
- ❑ Expenditure on **NHS Partnerships** is overspent by £1.5m compared to budget for the year to date.
- ❑ Expenditure on **Corporate Services and Other Budgets** is breakeven against budget after 3 months of the year.
- ❑ **Capital expenditure** in the year to date amounts to £6.9m 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 behind 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
South Sector	300.1	83.4	85.0	(1.6)
North Sector	171.5	45.4	45.5	(0.1)
Clyde Sector	157.1	42.1	42.4	(0.3)
Diagnostics	178.2	45.0	44.9	0.1
Regional Services	197.4	53.5	53.7	(0.2)
Women & Children's Services	169.8	44.3	44.4	(0.1)
Total Directorate Services	1,174.1	313.7	315.9	(2.2)
Acute Divisional Services	166.0	33.0	33.9	(0.9)
Facilities	205.2	51.0	50.8	0.2
Total Acute Services	1,545.3	397.7	400.6	(2.9)

- ❑ The major service reorganisation implemented earlier in the year has resulted in substantial movement and remodelling of budgets. This report reflects the establishment of the new directorate structure for 2015/16. Within this report, Facilities has been reported as part of Acute Services; however it will be reported under Corporate Departments in future months on completion of the ongoing work to realign budgets.
- ❑ At 30 June 2015, Acute Services are reporting expenditure levels £2.9m ahead of the year to date expenditure budget of £397.7m. The main cost pressure is in Medical pay where significant expenditure on agency and locum cover has been incurred to support activity levels. This is a similar situation across the Country. This area is currently under review and action plans are being developed to bring expenditure under control.
- ❑ High activity levels, driven in part by waiting list initiatives, has led to temporary unscheduled care beds opened last winter remaining open to provide additional capacity. As these beds are currently unfunded it creates a further significant cost pressure of just under £1.0m for the first quarter of the year.
- ❑ Other pressures being experienced in Nursing pay, surgical sundries and CSSD supplies are also largely driven by activity.
- ❑ Hospital prescribing expenditure is marginally over budget at the end of the first quarter particularly in the South Sector where the impact of stocking the new hospitals will be reviewed.

3. NHS Partnerships

	Annual Budget £m	YTD Budget Total £m	YTD Actual Total £m	Overall Variance YTD £m
Glasgow HSCP Citywide	111.0	27.3	27.2	0.1
Glasgow City HSCP - North East	192.4	46.5	46.6	(0.1)
Glasgow City HSCP - North West	181.7	44.8	44.8	0.0
Glasgow City HSCP - South	180.0	44.2	44.2	0.0
Mental Health Specialist Directorates	34.9	8.6	8.6	0.0
Total Glasgow HSCP	700.0	171.4	171.4	0.0
East Dunbartonshire HSCP	87.3	22.2	22.2	0.0
East Renfrewshire HSCP	54.1	12.8	12.7	0.1
Inverclyde HSCP	73.2	17.6	17.6	0.0
Renfrewshire HSCP	148.3	35.6	35.6	0.0
West Dunbartonshire HSCP	80.6	19.3	19.3	0.0
Total Non Glasgow HSCPs	443.5	107.5	107.4	0.1
Total HSCPs	1,143.5	278.9	278.8	0.1
Other Partnership Budgets	6.4	(2.4)	(0.8)	(1.6)
Total NHS Partnerships	1,149.9	276.5	278.0	(1.5)

- ❑ Overall expenditure levels within NHS Partnerships are running £1.5m ahead of budget at 30 June 2015. In general all Partnerships have delivered a balanced position against operational budgets and local savings targets. The overspend against Other Partnership budgets is principally due to unidentified savings and work is ongoing to close this gap in the remaining part of the 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 30 April extrapolated to 30 June.
- ❑ In recent months work has been undertaken with Local Authority partners to establish the balanced opening budgets for Integrated Joint Boards (IJBs) and work is continuing to establish the notional set aside budgets for hospital services within the scope of integration schemes.

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	118.4	31.9	31.9	0.0
Healthcare Purchases	64.9	16.3	16.3	0.0
Impairments and Provisions	15.0	0.0	0.0	0.0
Other	92.0	24.0	24.0	0.0
Total Corporate & Other Budgets	290.3	72.2	72.2	0.0

- ❑ At 30 June 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 Resources at 30 June	89.3
Total Capital Resources for 2015/16	89.3
Use of Capital Funds	
Allocated to Approved Schemes	89.3
Anticipated slippage 2015/16	0.0
Anticipated Expenditure for 2015/16	89.3
Expenditure to Date	
Expenditure to 30 June	6.9
Balance to be spent by 31 March 2016	82.4
Total Forecast Expenditure for 2015/16	89.3

- ❑ The Board's Capital Plan for 2015/16 was approved by the Board on 23 June 2015.
- ❑ The Board's anticipated Gross Capital Resources available for 2015/16 currently amount to £89.3m.
- ❑ Forecast capital expenditure for 2015/16 includes the following main schemes:
 - Additional car parking provision at the Queen Elizabeth University Hospital (£14.0m);
 - Remaining works for the completion of the Queen Elizabeth University Hospital, the Royal Hospital for Children and other associated developments (£19.9m);
 - General Medical Equipment Allocation (£2.5m);
 - Radiotherapy Equipment for the Beatson Satellite Centre at Monklands Hospital (£6.9m);
 - Mental Health Programme (£3.0m).
- ❑ £15.0m of funding has been brought forward from the previous year for use on schemes that will be completed in 2016/17.
- ❑ Total expenditure incurred to 30 June 2015 on approved capital schemes was £6.9m.
- ❑ The Board predicts the Capital Resource Limit will be achieved in-year.

6. Cost Savings Targets

- ❑ In developing its Financial Plan for 2015/16, 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 2015/16 was set at £40.9m after netting off prescribing savings of £9.2m and capital charge savings of £8.0m. 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 - £20.8m
 - Partnership targets - £15.0m
 - Corporate - £5.1m
- ❑ At this stage of the year our overall assessment is that at 30 June 2015 the Board is running behind its year to date cost saving target. Management in Acute Services and across the NHS Partnerships is working to address the cost savings challenge.
- ❑ Achievement of the Board's overall cost saving target will be 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.
- HSCPs – This represents expenditure on services provided within Health and Social Care Partnerships (HSCPs) including services provided by Primary Care practitioners, expenditure on Mental Health and Learning Disabilities inpatient services, services for patients with addictions and also services 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.