

Board

15 December 2015
Director of Finance

Paper No. 15/71

Financial Monitoring Report for the 7 month period to 31 October 2015

Introduction

The attached report shows that the Board is currently reporting an overspend out-turn against budget for the 7 month period to 31 October 2015 of £6.6m. At this stage the Board still forecasts that the breakeven out-turn remains achievable. However this is conditional on the success in Month 8 of current cost saving measures, and identifying additional measures to further reduce expenditure or on securing sources of additional funding during the remainder of the year.

The forecast out-turn will continue to be reviewed on a month by month basis throughout the year.

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

Recommendation

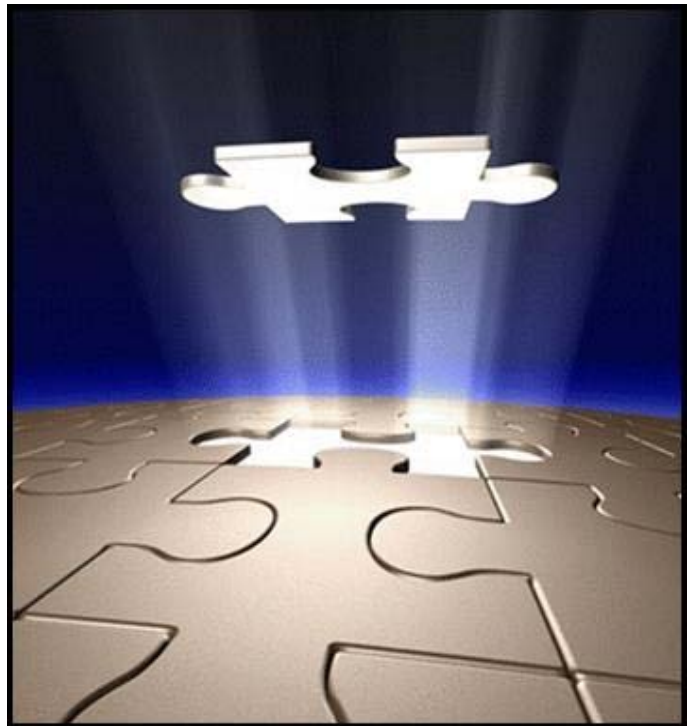
The Board is asked to note the financial performance for the 7 month period to 31 October 2015.

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Director of Finance

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NHS Greater Glasgow and Clyde

Financial Monitoring Report for the 7 month period to 31 October 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 31 October 2015	(6.6)

	£m
Capital expenditure to 31 October 2015	23.3

Expenditure by Division	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Acute	1,382.5	815.0	821.6	(6.6)
NHS Partnerships	1,152.4	655.3	655.8	(0.5)
Corporate and Other Budgets	479.5	244.2	243.7	0.5
Total Expenditure	3,014.4	1,714.5	1,721.1	(6.6)

- ❑ The Financial Plan for 2015/16 was approved by the Board on 23rd June 2015. The Board plans to manage the in year cost pressures to deliver a breakeven out-turn for the year.
- ❑ The Board's projected funding for 2015/16 is currently £3,014.4m. During October the Board received £5.477m of additional funding to deliver the Treatment Time Guarantee and reduce waiting times and an additional £1.3m for winter pressures. The only other allocations of note received during the month were £0.835m from the Mental Health Innovation Fund and £0.123m to commission the patient portal.
- ❑ At 31 October 2015 the Board is reporting expenditure levels running £6.6m over budget which compares with an overspend of £5.9m for the previous month. This remains behind the Board's planned trajectory of £1.8m above budget at this stage of the year and achieving breakeven by 31 March 2016.
- ❑ Expenditure on **Acute Services** is overspent by £6.6m compared to budget at 31 October 2015.
- ❑ Expenditure on **NHS Partnerships** is overspent by £0.5m compared to budget for the year to date.
- ❑ Expenditure on **Corporate Services and Other Budgets** is running close to budget with an underspend of £0.5m at 31 October 2015.
- ❑ **Capital expenditure** in the year to date amounts to £23.3m 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**.

2. Acute Services

Directorate	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
South Sector	325.3	200.4	205.7	(5.3)
North Sector	178.4	108.2	110.6	(2.4)
Clyde Sector	161.6	99.1	99.8	(0.7)
Diagnostics	180.3	105.1	105.3	(0.2)
Regional Services	206.9	126.3	126.3	0.0
Women & Children's Services	175.7	104.6	104.6	0.0
Total Directorate Services	1,228.2	743.7	752.3	(8.6)
Acute Divisional Services	154.3	71.3	69.3	2.0
Total Acute Services	1,382.5	815.0	821.6	(6.6)

- ❑ This report reflects the establishment of the new directorate structure for 2015/16 with Facilities now being reported under Corporate Directorates.
- ❑ The main cost pressures identified in the first seven months of the year are largely driven by high activity levels resulting in significant overspends in medical and nursing pay costs and these continue to impact on the out-turn against budget. In addition, in some areas nursing sickness absence levels are running at significantly higher than expected levels, resulting in excess bank nurse costs. An action plan is being developed to contain these overspends and pressures and to identify additional measures to achieve a month by month breakeven position, albeit the identification of these provides a significant challenge. The Board has released funding earmarked for winter earlier than planned to alleviate service pressures associated with beds that have remained open from winter 2014 in order to meet demand and other available non recurring funding sources have been used to support the revenue position. This short term non-recurring action has assisted in mitigating an element of the overall financial challenge, whilst clearly reducing flexibility for emerging pressures moving forward into winter. Management of the underlying pressures in medical and nursing pay together with achievement of savings targets in the remainder of the financial year will be the critical factors in achieving a breakeven position on a month by month basis to stabilise the financial position.
- ❑ Hospital prescribing expenditure remains marginally over budget at the end of month 7 and will be kept under review by management in future months.

3. NHS Partnerships

	Annual Budget £m	YTD Budget Total £m	YTD Actual Total £m	Overall Variance YTD £m
Glasgow HSCP Citywide	112.1	62.6	63.4	(0.8)
Glasgow City HSCP - North East	172.4	100.2	99.9	0.3
Glasgow City HSCP - North West	183.1	107.6	107.4	0.2
Glasgow City HSCP - South	179.8	104.8	104.5	0.3
Total Glasgow HSCP	647.4	375.2	375.2	0.0
East Dunbartonshire HSCP	88.4	51.5	51.4	0.1
East Renfrewshire HSCP	67.2	38.5	38.5	0.0
Inverclyde HSCP	74.7	42.5	42.5	0.0
Renfrewshire HSCP	151.4	85.5	85.5	0.0
West Dunbartonshire HSCP	81.9	46.8	46.8	0.0
Total Non Glasgow HSCPs	463.6	264.8	264.7	0.1
Total HSCPs	1,111.0	640.0	639.9	0.1
Partnerships Non Integrated Budgets	44.9	25.8	25.9	(0.1)
Other Partnership Budgets	(3.5)	(10.5)	(10.0)	(0.5)
Total NHS Partnerships	1,152.4	655.3	655.8	(0.5)

- Expenditure on NHS partnerships was stable relative to budget during the month and remains at £0.5m over budget at 31 October 2015. All partnerships have reported a balanced position against operational budgets and achievement of local savings targets. The reported overspend is due to a shortfall in the central savings achieved to date. Work is continuing to identify how this in year gap will be closed and it is anticipated that a breakeven outturn will be achieved by the year end.
- 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. There are also specific service pressures within Learning Disabilities services and Specialist Children's services although these are being offset by reduced expenditure in other areas and action is being taken to reduce costs and to secure additional income from other Boards.
- GP Prescribing expenditure is currently being reported in line with budget based on actual expenditure for the period to 31 August extrapolated to 31 October. Individual partnership budgets are showing an overspend of £1.6m based on the actual results to August but it is expected that further savings and rebates in the remaining months of the year will enable a breakeven position to be achieved by the year end.
- The notional set aside budgets for hospital services within the scope of integration schemes have now been agreed with the HSCPs.

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	373.0	199.7	199.3	0.4
Healthcare Purchases	63.8	37.4	37.3	0.1
Impairments and Provisions	16.7	0.0	0.0	0.0
Other	26.0	7.1	7.1	0.0
Total Corporate & Other Budgets	479.5	244.2	243.7	0.5

- ❑ This report reflects the establishment of the new directorate structure for 2015/16 with Facilities now being reported under Corporate Directorates.
- ❑ At 31 October 2015 overall expenditure on Corporate and other Budgets is running close to budget for the year to date with a marginal underspend of £0.5m.
- ❑ 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. Directors have been asked to protect current underspends and to minimise expenditure in the remaining months of 2015/16 to provide in year funding to improve the financial position.

5. Capital Expenditure

	£m
Sources of Funds	
Anticipated Gross Capital Resources at 31 October	78.0
Total Capital Resources for 2015/16	78.0
Use of Capital Funds	
Allocated to Approved Schemes	78.0
Anticipated slippage 2015/16	0.0
Anticipated Expenditure for 2015/16	78.0
Expenditure to Date	
Expenditure to 31 October	23.3
Balance to be spent by 31 March 2016	54.7
Total Forecast Expenditure for 2015/16	78.0

- ❑ The Board's Capital Plan for 2015/16 was approved by the Board on 23rd June 2015.
- ❑ The Board's anticipated Gross Capital Resources available for 2015/16 currently amount to £78.0m. The reduction is due to brokerage agreed with the Scottish Government to utilise funding in 2016/17 and to income from land sales which will now be received in 2016/17 rather than in the current year as anticipated.
- ❑ 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 (£14.1m);
 - General Medical Equipment (£3.6m);
 - Radiotherapy Equipment for the Beatson Satellite Centre at Monklands Hospital (£5.6m).
- ❑ £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 31 October 2015 on approved capital schemes was £23.3m.
- ❑ 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 after reallocating the Facilities target from Acute to Corporate are:
 - Acute Division targets - £17.5m
 - Partnership targets - £15.0m
 - Corporate - £8.4m
- ❑ At this stage of the year our overall assessment is that at 31 October 2015 the Board is running behind its year to date recurring cost saving target by £0.1m in Acute Services and by £3.3m across NHS Partnerships. Management in Acute Services and across the NHS Partnerships is working to address the cost savings challenge and additional non recurring savings have been identified to offset the partnerships shortfall.
- ❑ 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 within the scope of Health and Social Care Partnerships 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 Directorates – This represents expenditure on area wide and support services and other costs where budgets are not devolved to operational service areas, for example Payroll, Facilities, 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.