

Board

16 February 2016
Director of Finance

Paper No. 16/09

Financial Monitoring Report for the 9 month period to 31 December 2015

Introduction

The attached report shows that the Board is currently reporting an overspend out-turn against budget for the 9 month period to 31 December 2015 of £7.5m. The Board continues to report that a forecast breakeven out-turn remains achievable through additional savings and non-recurrent coverage.

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 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 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
Revenue Out-turn Reported to 31 December 2015	(7.5)

	£m
Capital expenditure to 31 December 2015	34.4

Expenditure by Division	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Acute	1,377.8	1,055.0	1,063.4	(8.4)
NHS Partnerships	1,152.8	844.4	844.6	(0.2)
Corporate and Other Budgets	484.7	325.8	324.7	1.1
Total Expenditure	3,015.3	2,225.2	2,232.7	(7.5)

- ❑ The Financial Plan for 2015/16 was approved by the Board on 23rd June 2015. The Board's projected funding for 2015/16 is currently £3,015.3m. During December the Board received £1.0m of additional funding to reduce waiting times at the Queen Elizabeth University Hospital. The only other allocations of note received during the month were £0.175m to support good practice and innovative working in the treatment of visual impairment and £0.246m of additional funding for the family nurse partnership programme.
- ❑ At 31 December 2015 the Board is reporting expenditure levels running £7.5m over budget which compares with an overspend of £7.0m for the previous month. This remains behind the Board's planned trajectory of £1.1m over budget at this stage of the year to achieve breakeven by 31 March 2016.
- ❑ Expenditure on **Acute Services** is overspent by £8.4m compared to budget at 31 December 2015.
- ❑ Expenditure on **NHS Partnerships** is overspent by £0.2m compared to budget for the year to date.
- ❑ Expenditure on **Corporate Services and Other Budgets** is underspent by £1.1m compared to budget at 31 December 2015.
- ❑ **Capital expenditure** in the year to date amounts to £34.4m 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 behind its year to date **cost savings target** against plan.
- ❑ Despite the current overspend position, management continue to predict a **break-even position at 31 March 2015**. This will be achieved through additional savings and non-recurrent coverage.

2. Acute Services

Directorate	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
South Sector	334.0	258.9	266.3	(7.4)
North Sector	182.7	140.7	143.3	(2.6)
Clyde Sector	164.8	127.9	129.0	(1.1)
Diagnostics	181.3	135.3	135.6	(0.3)
Regional Services	212.4	163.2	163.0	0.2
Women & Children's Services	177.7	135.5	135.7	(0.2)
Total Directorate Services	1,252.9	961.5	972.9	(11.4)
Acute Divisional Services	124.9	93.5	90.5	3.0
Total Acute Services	1,377.8	1,055.0	1,063.4	(8.4)

- ❑ This report reflects the establishment of the new directorate structure for 2015/16 with Facilities now being reported under Corporate Departments.
- ❑ The overspend within Acute Services is largely attributable to medical (agency and locum) and nursing (bank) pays. There are a number of contributory factors;
 - significant increases in elective and non-elective activity levels;
 - a number of consultant vacancies (both short and medium term);
 - the requirement for waiting list initiatives to achieve TTG targets;
 - high sickness absence levels.
- ❑ Other areas within Acute Services are largely in balance, although pressures have emerged in month 9 in relation to surgical sundries and CSSD supplies.
- ❑ Hospital prescribing expenditure is in line with budget at the end of month 9 and will be kept under review by management in the remaining months of the year.
- ❑ The Board released funding earmarked for winter earlier than planned in order to alleviate service pressures and additional demand for beds. Other non recurring funding sources have been used to support the revenue position and this non-recurring action has assisted in mitigating an element of the overall financial challenge.
- ❑ The Acute Management Team is working to contain these overspends and pressures and to identify additional measures to achieve its target of achieving a month by month breakeven position.

3. NHS Partnerships

	Annual Budget £m	YTD Budget Total £m	YTD Actual Total £m	Overall Variance YTD £m
Glasgow HSCP Citywide	112.9	80.5	81.5	(1.0)
Glasgow City HSCP - North East	172.8	129.0	128.4	0.6
Glasgow City HSCP - North West	183.1	137.3	137.1	0.2
Glasgow City HSCP - South	179.6	134.9	134.6	0.3
Total Glasgow HSCP	648.4	481.7	481.6	0.1
East Dunbartonshire HSCP	88.6	66.0	66.0	0.0
East Renfrewshire HSCP	67.3	50.1	50.1	0.0
Inverclyde HSCP	74.6	54.8	54.8	0.0
Renfrewshire HSCP	152.2	111.1	111.1	0.0
West Dunbartonshire HSCP	82.1	61.0	60.9	0.1
Total Non Glasgow HSCPs	464.8	343.0	342.9	0.1
Total HSCPs	1,113.2	824.7	824.5	0.2
Partnerships Non Integrated Budgets	45.4	33.5	33.7	(0.2)
Other Partnership Budgets	(5.8)	(13.8)	(13.6)	0.2
Total NHS Partnerships	1,152.8	844.4	844.6	(0.2)

- ❑ Expenditure on NHS partnerships remained within budget during the month and is now cumulatively £0.2m over budget at 31 December 2015. With the exception of Glasgow HSCP Citywide, all partnerships have reported a balanced position against operational budgets and achievement of local savings targets.
- ❑ The main cost pressures experienced in-year include community equipment budgets and continence services although these are being offset by underspends in other areas, principally within pay budgets.
- ❑ GP Prescribing expenditure is currently being reported in line with budget based on actual expenditure for the period to 31 October extrapolated to 31 December. Individual partnership GP practice budgets are currently showing an overspend of £2.6m but this is being offset by centrally managed funds including discounts and rebates. As a result it is expected that prescribing budgets will achieve an overall breakeven for the year.

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	387.8	261.7	260.6	1.1
Healthcare Purchases	64.4	48.5	48.5	0.0
Impairments and Provisions	15.7	0.0	0.0	0.0
Other	16.8	15.6	15.6	0.0
Total Corporate & Other Budgets	484.7	325.8	324.7	1.1

- ❑ This report reflects the establishment of the new directorate structure for 2015/16 with Facilities now being reported under Corporate Departments.
- ❑ At 31 December 2015 overall expenditure on Corporate and other Budgets is underspent by £1.1m compared to budget for the year to date.
- ❑ 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 31 December	80.5
Total Capital Resources for 2015/16	80.5
Use of Capital Funds	
Allocated to Approved Schemes	80.5
Anticipated slippage 2015/16	0.0
Anticipated Expenditure for 2015/16	80.5
Expenditure to Date	
Expenditure to 31 December	34.4
Balance to be spent by 31 March 2016	46.1
Total Forecast Expenditure for 2015/16	80.5

- ❑ 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 £80.5m. The increase is principally due to the recovery of input VAT where appropriate on expenditure incurred to date.
- ❑ Forecast capital expenditure for 2015/16 includes the following main schemes:
 - Additional car parking provision at the Queen Elizabeth University Hospital (£11.5m);
 - Remaining works for the completion of the Queen Elizabeth University Hospital, the Royal Hospital for Children and other associated developments (£12.8m);
 - General Medical Equipment Allocation (£5.1m);
 - Radiotherapy Equipment for the Beatson Satellite Centre at Monklands Hospital (£5.6m).
- ❑ Total expenditure incurred to 31 December 2015 on approved capital schemes was £34.4m.
- ❑ 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 December 2015 the Board is running behind its year to date recurring cost saving target for NHS Partnerships. Management across the NHS Partnerships is working to address the cost savings challenge and additional non recurring savings have been identified to offset the 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 Services 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 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, 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.