

NHS Greater Glasgow & Clyde

NHS BOARD MEETING

Director of Finance

19 April 2016



Paper No: 16/19

**Financial Monitoring Report for the 11 month period to 29 February 2016**

**Recommendation:-**

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

**Purpose of Paper:-**

The paper describes the Board's financial performance against revenue and capital budgets for the first 11 months of the financial year and forecasts the outturn for the year end.

**Key Issues to be considered:-** The Board is confident that the forecast breakeven out-turn remains achievable but this will be conditional on successfully identifying further sources of additional funding during the final month of the year.

**Any Patient Safety /Patient Experience Issues:-** None

**Any Financial Implications from this Paper:-** The main cost pressures identified by the Board and their effect on the Board's performance against target are described in the paper. There are no other financial implications arising from the paper.

**Any Staffing Implications from this Paper:-** None

**Any Equality Implications from this Paper:-** None

**Any Health Inequalities Implications from this Paper:-** None

**Has a Risk Assessment been carried out for this issue? If yes, please detail the outcome:-**

A Risk Assessment has not been carried out. The risk of the Board not achieving its target outturn is explored in the paper.

**Highlight the Corporate Plan priorities to which your paper relates:-** The paper relates to improving quality, efficiency and effectiveness.

**Mark White**  
**Director of Finance**

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**19 April 2016**

# NHS Greater Glasgow and Clyde

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## Financial Monitoring Report for the 11 month period to 29 February 2016



# Introduction

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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 29 February 2016	(2.5)

	£m
Capital expenditure to 29 February 2016	48.0

Expenditure by Division	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Acute	1,394.7	1,291.0	1,300.6	(9.6)
NHS Partnerships	1,155.1	1,037.0	1,037.1	(0.1)
Corporate and Other Budgets	476.3	395.4	388.2	7.2
<b>Total Expenditure</b>	<b>3,026.1</b>	<b>2,723.4</b>	<b>2,725.9</b>	<b>(2.5)</b>

- ❑ The Financial Plan for 2015/16 was approved by the Board on 23<sup>rd</sup> June 2015. The Board's projected funding for 2015/16 is currently £3,026.1m. During February the Board received £2.6m of additional funding for Positron Emission Tomography (PET) Scanning. The other allocations of note received during the month were £0.400m to implement the "Prescription for Excellence" policy in Inverclyde, £0.248m to support IVF waiting times, £0.200m for Urology endoscopy activity, £0.113m to support the Musculoskeletal Orthopaedic Quality drive and an additional £0.100m of funding for unscheduled care.
- ❑ At 29 February 2016 the Board is reporting expenditure levels running £2.5m over budget which compares with an overspend of £4.9m for the previous month. This remains behind the Board's planned trajectory of £0.3m over budget at this stage of the year to achieve breakeven by 31 March 2016.
- ❑ Expenditure on **Acute Services** is overspent by £9.6m compared to budget at 29 February 2016.
- ❑ Expenditure on **NHS Partnerships** is marginally overspent by £0.1m compared to budget for the year to date.
- ❑ Expenditure on **Corporate Services and Other Budgets** is underspent by £7.2m compared to budget at 29 February 2016.
- ❑ **Capital expenditure** in the year to date amounts to £48.0m 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 achieving its year to date **cost savings target** against plan. However, whilst yet to be finalised as part of the year-end process, the level of recurring savings achieved is behind the target.
- ❑ The Board is confident that the forecast **breakeven out-turn** will be achieved but this will be conditional on successfully identifying some further sources of additional funding during the final month of the year.

## 2. Acute Services

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Directorate	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
South Sector	346.8	320.8	329.5	(8.7)
North Sector	185.1	172.5	175.1	(2.6)
Clyde Sector	168.1	157.2	158.7	(1.5)
Diagnostics	182.3	165.8	165.9	(0.1)
Regional Services	218.0	201.8	201.5	0.3
Women & Children's Services	179.8	166.0	166.4	(0.4)
<b>Total Directorate Services</b>	<b>1,280.1</b>	<b>1,184.1</b>	<b>1,197.1</b>	<b>(13.0)</b>
Acute Divisional Services	114.6	106.9	103.5	3.4
<b>Total Acute Services</b>	<b>1,394.7</b>	<b>1,291.0</b>	<b>1,300.6</b>	<b>(9.6)</b>

- ❑ This report reflects the establishment of the new directorate structure for 2015/16 with Facilities now being reported under Corporate Departments.
- ❑ Although Acute Services expenditure remained over budget during month 11 the level of overspend against budget in the month was less than in previous months as a result of positive management action to contain the overspend.
- ❑ 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.
- ❑ Hospital prescribing expenditure is in line with budget at the end of month 11 and will be kept under review by management in the final month 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 continuing to work to contain these overspends and pressures and to identify additional measures to achieve its target of achieving a month by month breakeven position. These actions were discussed with the Board at the Board away day meeting on 29 February 2016.

### 3. NHS Partnerships

	Annual Budget £m	YTD Budget Total £m	YTD Actual Total £m	Overall Variance YTD £m
Glasgow HSCP Citywide	113.1	102.6	104.0	(1.4)
Glasgow City HSCP - North East	173.2	157.5	156.7	0.8
Glasgow City HSCP - North West	183.5	168.3	167.9	0.4
Glasgow City HSCP - South	179.9	164.3	163.9	0.4
<b>Total Glasgow HSCP</b>	<b>649.7</b>	<b>592.7</b>	<b>592.5</b>	<b>0.2</b>
East Dunbartonshire HSCP	76.7	69.6	69.3	0.3
East Renfrewshire HSCP	67.3	60.9	60.9	0.0
Inverclyde HSCP	74.7	66.8	66.8	0.0
Renfrewshire HSCP	152.2	136.1	136.0	0.1
West Dunbartonshire HSCP	82.6	75.2	75.2	0.0
<b>Total Non Glasgow HSCPs</b>	<b>453.5</b>	<b>408.6</b>	<b>408.2</b>	<b>0.4</b>
<b>Total HSCPs</b>	<b>1,103.2</b>	<b>1,001.3</b>	<b>1,000.7</b>	<b>0.6</b>
<b>Partnerships Non Integrated Budgets</b>	57.7	52.0	52.5	(0.5)
<b>Other Partnership Budgets</b>	(5.8)	(16.3)	(16.1)	(0.2)
<b>Total NHS Partnerships</b>	<b>1,155.1</b>	<b>1,037.0</b>	<b>1,037.1</b>	<b>(0.1)</b>

- ❑ Expenditure on NHS partnerships remained within budget during the month and is now cumulatively £0.1m overspent compared to budget at 29 February 2016. All partnerships have reported a balanced position against operational budgets and achievement of local savings targets, albeit non-recurrently. It is anticipated that a balanced out-turn will be achieved at 31 March 2016.
- ❑ 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 December extrapolated to 29 February. Individual partnership GP practice budgets are currently showing an overspend of £3.3m but this is being offset by centrally managed funds including discounts and rebates. It is expected that prescribing budgets will achieve an overall breakeven out-turn for the year.
- ❑ Opening HSCP budgets are being prepared for 2016/17 and these will be finalised as part of the Board's ongoing financial planning process.

## 4. Corporate and Other Budgets

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	Annual Budget £m	YTD Budget Total £m	YTD Actual Total £m	Variance YTD £m
<b>Corporate Directorates and Other Budgets</b>				
Corporate Directorates	380.2	324.5	317.4	7.1
Healthcare Purchases	64.3	59.2	59.3	(0.1)
Impairments and Provisions	19.7	6.7	6.7	0.0
Other	12.1	5.0	4.8	0.2
<b>Total Corporate &amp; Other Budgets</b>	<b>476.3</b>	<b>395.4</b>	<b>388.2</b>	<b>7.2</b>

- ❑ This report reflects the establishment of the new directorate structure for 2015/16 with Facilities now being reported under Corporate Departments.
- ❑ At 29 February 2016 overall expenditure on Corporate and other Budgets is underspent by £7.2m compared to budget for the year to date. This underspend includes a number of non recurring gains including income from land sales, a VAT rebate and reductions to expenditure provisions.
- ❑ 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

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	£m
<b>Sources of Funds</b>	
Anticipated Gross Capital Resources at 29 February	76.1
<b>Total Capital Resources for 2015/16</b>	<b>76.1</b>
<b>Use of Capital Funds</b>	
Allocated to Approved Schemes	76.1
Anticipated slippage 2015/16	0.0
<b>Anticipated Expenditure for 2015/16</b>	<b>76.1</b>
<b>Expenditure to Date</b>	
Expenditure to 29 February	48.0
Balance to be spent by 31 March 2016	28.1
<b>Total Forecast Expenditure for 2015/16</b>	<b>76.1</b>

- ❑ The Board's base Capital Plan for 2015/16 was approved by the Board on 23<sup>rd</sup> June 2015.
- ❑ The Board's anticipated Gross Capital Resources available for 2015/16 currently amount to £76.1m. The reduction in resources is due to the return of funding to the Scottish Government for use in 2016/17 and to a reduction in the forecast recovery of input VAT on eligible expenditure.
- ❑ Forecast capital expenditure for 2015/16 includes the following main schemes:
  - Additional car parking provision at the Queen Elizabeth University Hospital (£11.7m);
  - Remaining works for the completion of the Queen Elizabeth University Hospital, the Royal Hospital for Children and other associated developments (£14.0m);
  - General Medical Equipment Allocation (£5.1m);
  - Radiotherapy Equipment for the Beatson Satellite Centre at Monklands Hospital (£5.6m).
- ❑ 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 2015/16 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 a further £3.0m of funding can be carried forward for use on schemes that will be completed in 2016/17.
- ❑ Total expenditure incurred to 29 February 2016 on approved capital schemes was £48.0m.
- ❑ The Board predicts the Capital Resource Limit will be achieved in-year.



## 6. Cost Savings Targets

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- ❑ 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 29 February 2016 the Board is running behind its year to date recurring cost saving target for both the Acute Division and NHS Partnerships. Management across the two parts of the organisation are working to address the cost savings challenge and additional non recurring savings have been identified to offset the in year shortfall.
- ❑ Achievement of the Board's overall cost saving target has been an important factor in achieving the forecast break even outturn on operating activities at the end of the year.

# 7. Glossary of Terms

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## **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.