

OFFICIAL SENSITIVE

***NHSGGC – 2018/19 Out-turn Report
NHS Board Meeting
25 June 2019 (Paper 19/33)***





Purpose and Format of Report

The purpose of this report is to provide the Board with a summary of the year end out-turn position.

The format of the report covers:

- i) The month 12 revenue position (**pages 4 to 9**);
- ii) Achieving breakeven at 31 March 2018 (**pages 10 to 12**);
- iii) Achievement of cost savings (**pages 13 to 14**); and
- iv) The month 12 capital position (**page 15 to 17**).

The Board is asked to:

- i) Note** the revenue position at month 12 and provisional out-turn for the year to 31 March 2019;
and
- ii) Note** the capital position at month 12 and the provisional out-turn for the year to 31 March 2019.

Delivering better health

www.nhsggc.org.uk



Executive Summary

At 31 March 2019 the Board is reporting expenditure levels £0.3m under budget (subject to the external audit process). This compares to a £2.5m overspend at Month 11. The Board has met its revenue target of financial break-even.

The Financial Improvement Programme (FIP) Tracker currently records projects totalling circa **£56.4m on a FYE and £42.3m On a CYE**. An exercise is currently underway to finalise the FIP numbers and determine the initiatives to be rolled forward into 2019/20.

However, the Board is currently reporting that the underlying recurring deficit has been reduced from £68m to £50m.

Despite the recent Scottish Government announcement that Boards are now required to break-even over a three-year period, NHSGGC still has the primary objective to break-even each year.

Considerable work has been undertaken throughout the year to eliminate the forecast deficit, particularly around achievement of savings, containing costs (known and emerging) and maximisation of non-recurring sources.

The Board has worked closely with Scottish Government throughout the year to identify potential funding sources to successfully close the forecast in year gap.

Delivering better health

www.nhsggc.org.uk

The 2018/19 Revenue Position



Financial Performance – 2018/19

This section of the report provides analysis of the financial position at 31 March 2019.

Area	Gross Position £m	Non Recurring Relief £m	Final Reported Position £m
Acute	(42.6)	0.0	(42.6)
Partnerships	0.2	0.0	0.2
Corporate Departments	(13.1)	0.0	(13.1)
Corporate Adjustments (non recurring)	0.0	55.8	55.8
Gross/Net Financial Position at 31 March 2019	(55.1)	55.8	0.3

Delivering better health

www.nhsggc.org.uk

At 31 March 2019 the Board has reported expenditure levels £0.7m under budget (subject to the external audit process).

The Board has factored in £55.8m of non recurring relief to support the financial position.

Details of the financial performance of individual areas are shown below.

2018/19 Position – Acute Services

Financial Performance – 2018/19(Cont'd)

The Acute Division reported an expenditure overspend at Month 12 of £42.6m. Of this deficit, £41.5m relates to unachieved savings, £0.3m relates to pay and £0.9m is associated with non-pay. The balance is an income under recovery of £0.5m.

Income/Expenditure by Directorate	Pay Variance £m	Non Pay Variance £m	FIP Variance £m	Total Variance £m
South Sector	(0.3)	(0.4)	(6.0)	(6.6)
North Sector	(2.2)	0.2	(3.4)	(5.4)
Clyde Sector	(1.3)	(0.5)	(3.6)	(5.3)
Diagnostics Directorate	2.7	(0.6)	(2.0)	0.1
Regional Services	2.2	0.6	(2.8)	0.0
Women & Childrens Services	(0.8)	(0.3)	(3.6)	(4.7)
Acute Directorates	0.3	(1.0)	(21.3)	(22.0)
Acute Divisional Services	0.0	0.0	(20.2)	(20.2)
Total Acute Expenditure	0.3	(0.9)	(41.5)	(42.1)
Acute Income				(0.5)
Total Acute	0.3	(0.9)	(41.5)	(42.6)

Delivering better health

www.nhsggc.org.uk

2018/19 Position – Acute Services



Financial Performance – 2018/19 (Cont'd)

The main pressures in pay are associated with medical (£2.9m) and nursing (£1.9m) salaries due to the inherent cost of providing certain services in particular geographical locations, service demands and the requirement to cover sickness / absence and vacancies via bank and agency spend. Medical and nursing pay budgets are a key focus for cost containment initiatives and the overspend in these areas has reduced throughout the year.

Income/Expenditure by Directorate	Annual Budget £m	YTD Budget £m	YTD Actuals £m	YTD Variance £m
South Sector	394.7	394.7	401.3	(6.6)
North Sector	206.2	206.2	211.6	(5.4)
Clyde Sector	191.0	191.0	196.3	(5.3)
Diagnostics Directorate	192.1	192.1	192.0	0.1
Regional Services	296.2	296.2	296.2	0.0
Women & Childrens Services	203.6	203.6	208.2	(4.7)
Acute Directorates	1,483.8	1,483.8	1,505.7	(22.0)
Acute Divisional Services	(45.5)	(45.5)	(25.3)	(20.2)
Total Acute Expenditure	1,438.2	1,438.2	1,480.4	(42.2)
Acute Income	(559.9)	(559.9)	(559.5)	(0.5)
Total Acute	878.3	878.3	920.9	(42.6)

Delivering better health

www.nhsggc.org.uk

2018/19 Position – Corporate Directorates



Financial Performance – 2018/19 (Cont'd)

Corporate Directorates reported an expenditure overspend at Month 12 of £13.1m.

Expenditure is running close to budget for pay and non pay across all Directorates however there is an overall shortfall of £15.3m against FIP savings targets hence the overall position of £13.1m overspent at 31 March 2019. The overspend in Public Health is mainly due to interpreting costs although the service has recently been redesigned which should result in reduced costs in 2019/20.

Corporate Director Summary	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Board Medical Director	42.6	42.6	42.1	0.5
Centre For Population Health	1.3	1.3	1.3	0.0
Chief Executive	1.3	1.3	1.3	0.0
Corporate Affairs	3.8	3.8	3.4	0.4
Corporate Communications	0.8	0.8	0.8	0.0
Director of Finance	16.3	16.3	16.1	0.2
Director of eHealth	67.3	67.3	67.2	0.1
Director of Human Resources	13.4	13.4	13.1	0.3
Director of Nursing	6.1	6.1	5.9	0.2
Director of Public Health	18.2	18.2	18.7	(0.5)
HQ Accommodation Costs	0.4	0.4	0.3	0.1
Other Corporate Expenditure	82.8	82.8	89.9	(7.1)
Estates and Facilities	238.6	238.6	245.9	(7.3)
Total Corporate Expenditure	492.9	492.9	506.0	(13.1)

Delivering better health

www.nhsggc.org.uk

2018/19 Position - Partnerships



Financial Performance – 2018/19 (Cont'd)

Partnerships reported an expenditure underspend at Month 12 of £0.2m. Again, this is subject to each of their own external audit processes. HSCPs have all reported a breakeven out-turn with any surpluses transferred to reserves at the year end.

Income/Expenditure by Partnership	Annual Budget £m	YTD Budget £m	YTD Actuals £m	YTD Variance £m
Citywide	48.2	48.2	48.2	0.0
Glasgow City - North East	162.7	162.7	162.7	0.0
Glasgow City - North West	185.5	185.5	185.5	0.0
Glasgow City - South	177.7	177.7	177.7	0.0
Resource Transfer To Local Authority	134.2	134.2	134.2	0.0
Glasgow HSCP	708.3	708.3	708.3	0.0
East Dunbartonshire	86.9	86.9	86.9	0.0
East Renfrewshire	72.9	72.9	72.9	0.0
Inverclyde	89.6	89.6	89.6	0.0
Renfrewshire	171.6	171.6	171.6	0.0
West Dunbartonshire	96.3	96.3	96.3	0.0
Non Glasgow HSCPs	517.3	517.3	517.3	0.0
Total HSCPs	1,225.6	1,225.6	1,225.6	0.0
Other Partnerships Budgets	48.0	48.0	47.8	0.2
Total Partnerships Expenditure	1,273.6	1,273.6	1,273.4	0.2
Total Partnerships Income	(64.5)	(64.5)	(64.5)	0.0
Net Expenditure	1,209.1	1,209.1	1,208.9	0.2

Delivering better health

www.nhsggc.org.uk

Achieving Breakeven at 31 March 2019

Achieving Breakeven at 31 March 2019



This section of the report highlights how the Board achieved breakeven in 2018/19

The Financial Plan approved by the Board in June 2018 initially projected a potential deficit of £29.0m. Considerable work has been undertaken throughout the year to eliminate the forecast deficit, particularly around achievement of savings, containing costs (known and emerging) and maximisation of non-recurring sources. The Board has worked closely with Scottish Government throughout the year to identify potential funding sources to close the financial gap.

The table below show how the Board's potential deficit was mitigated by £55.8m of non recurring funding to achieve the out-turn of £0.7m underspent at 31 March 2019.

The graph on the following page tracks the position from the original Financial Plan to the year-end position.

Description	£m	Comments
Funding		
Additional DEL	25.5	Allocation from Scottish Government
Gain on Sale of Johnstone Hospital	3.7	
Capital Charges	8.2	Reduction in annual capital charges cost
Capital to Revenue Transfer	10.2	
Road Traffic Income	6.6	One off increase in amount recoverable
Robroyston	0.5	Sale of land
Capital VAT Transfer	1.1	Accounting entry to transfer VAT on revenue schemes
Total	55.8	

Delivering better health

www.nhsggc.org.uk

Achieving Breakeven at 31 March 2019



This section of the report highlights how the Board achieved breakeven in 2018/19

Delivering better health
www.nhsggc.org.uk

Monthly Trajectory



	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Original LDP Forecast	(14.5)	(14.5)	(19.0)	(23.4)	(27.7)	(31.9)	(36.0)	(40.0)	(43.9)	(47.7)	(51.4)
Operational & CRES Deficit	(10.9)	(14.7)	(20.4)	(27.8)	(30.5)	(33.3)	(38.8)	(43.4)	(48.6)	(53.3)	(55.5)
Non Recurring Support	1.5	5.0	8.0	11.5	12.0	14.0	19.3	24.1	38.4	50.8	55.8
Net Position	(9.4)	(9.7)	(12.4)	(16.3)	(18.5)	(19.3)	(19.5)	(19.3)	(10.2)	(2.5)	0.3

Original LDP Forecast Operational & CRES Deficit Non Recurring Support Net Position

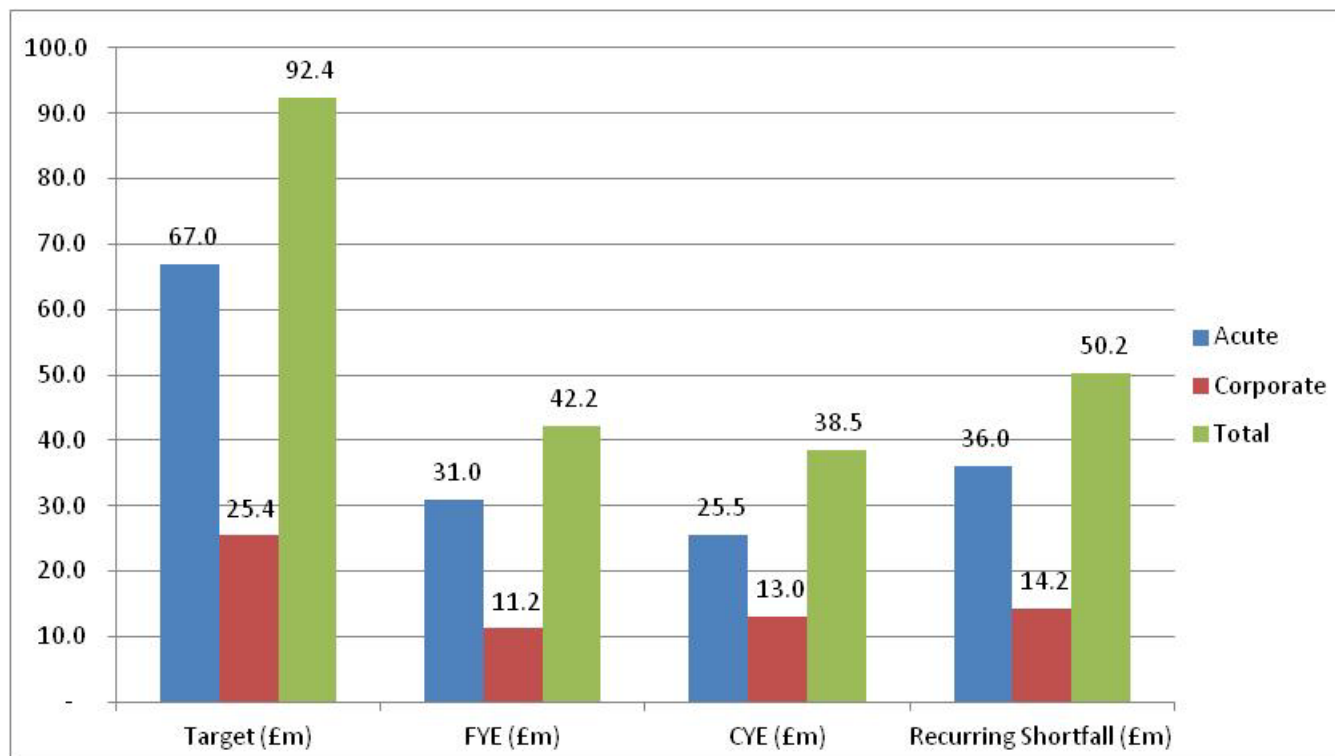
Achievement of Cost Savings - Financial Improvement Programme (FIP)

Achievement of Cost Savings 2018/19



This section of the report highlights achievement of cost savings in 2018/19

The graph below shows the achievement of savings by service area for 2018/19. At 31 March 2019 there was a shortfall of £50.2m (compared to £68.5m for 2017/18) against the recurring target of £92.4m for the year. The Board is continuing to work to eliminate this shortfall in the short to medium term through the Financial Improvement Programme. The Board does not apply specific savings targets to HSCPs as they receive an annual allocation and are required to manage their finances within that amount.



Delivering better health

www.nhsggc.org.uk

Capital Out-turn at 31 March 2019

Capital Out-turn at 31 March 2019



This section of the report highlights the year end capital position

The initial level of Capital Resources (CRL) for 2018/19, approved at the June 2018 Board meeting, amounted to £55.2m. This included an amount of £5.9m to be generated from asset disposals which was subsequently revised to £3.8m due to the timing of receipts.

The overall level of resource was later increased to £59.5m, chiefly as a result of additional central capital being received from SGHSCD in respect of diagnostic imaging equipment. In order to best manage the Board's overall revenue and capital out-turn, a transfer of £10.2m from capital to revenue was proposed and agreed with the Scottish Government. This, and other minor adjustments, resulted in the final gross Capital Resources amounting to £48.6m.

One of the key financial targets that Health Boards are required to achieve each year is to operate within the CRL set by the SGHSCD. The Core CRL agreed with SGHSCD for 2018/19, and confirmed in the final year end allocation letter dated 3rd May 2019, amounted to £42.7m.

Under NHS Accounting rules, Health Boards are required to compare net capital expenditure when comparing final spend against the Capital Resource Limit. The Board's net capital expenditure is derived by making certain adjustments to the total gross expenditure as detailed below.

Delivering better health

www.nhsggc.org.uk

Capital Out-turn at 31 March 2019



Delivering better health

www.nhsggc.org.uk

This section of the report highlights the year end capital position

Net Capital Expenditure	£m
Gross Capital Expenditure	48.6
<u>Other Adjustments</u>	
Less: Transfer to Revenue of expenditure which does not add value to the Board's Estate and VAT Recovery	-3.0
Less: NBV of Disposals in Year, including repayment of Subordinated Debt on Hub Schemes	-2.9
Net Capital Expenditure	42.7
Capital Outturn	£m
Core Capital Resource Limit	42.7
Net Capital Expenditure	42.7
Surplus on Core Capital Resource Limit	0.0

The Board has therefore operated within its capital Resource limit for 2018/19 subject to the external audit process.