NHSGGC – Month 5 Finance Report
Board Meeting
October 2021(Paper 21/65)

Purpose and Format

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Purpose and Format of Report

The purpose of this report is to provide the Board with the Month 5 financial position, including the position of the Financial Improvement Programme (FIP) and the forecast for Covid-19 expenditure for 2021/22.

The format of the report covers;

Members are asked to;

i) Note the revenue position at Month 5;

ii) Note the Month 5 position with the FIP; and

iii) Note the capital position at Month 5.

This report was presented and discussed in detail at the Finance, Planning and Performance Committee meeting of the 12th October 2021.

Executive Summary

2020/21 Current Position

At 31st August 2021 the Board's financial ledger highlights an overspend of £41.4m. This is wholly attributable to unachieved savings.

The direct Covid-19 expenditure for the 5 months of the year is anticipated to be fully funded by the Scottish Government. Quarter 1 Covid-19 spend has been received in the initial allocations. The key impact of Covid-19 can be summarised as;

- Direct expenditure on remobilisation and delivery of services due to Covid-19 of £61.6m (£56.1m for the Board and £5.5m for the Health costs within the IJBs).
- Unachieved savings due to the focus and effort on Covid-19 delivery of £26.01m (£26.0m relates to the Board and £0.01m for the Health costs within the IJBs).

The Board had been allocated £21m in the first tranche of general Covid-19 related funding, with further allocations for Covid-19 vaccinations £11.4m and Test and Protect £13m. This general allocation does include any funding for unachieved savings as a result of Covid-19. Despite positive indications, no confirmation has been received yet if this cost will be funded; hence the recorded overspend above.

The IJB's have not yet received any allocations in this financial year due to funding received in the prior year. It is expected that we will received a further allocation for Covid-19 expenditure in November.

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2021/22 Financial Reporting Arrangement

The Scottish Government have implemented a streamlined revised reporting arrangements due to Covid-19, consisting of the Local Mobilisation Plan now being incorporated within the Financial Reporting Return (FPR). The FPR has now moved from monthly to quarterly reporting. The Quarter 1 submission was made to Scottish Government on the 30th June 2021 detailing out the actual expenditure for the first 3 months and a forecast for the remainder of the year for both the Board and IJB's. These figures are indicative at the moment and are likely to change as estimates, plans and polices are firmed up particularly around Covid-19 vaccinations and contact tracing.

The total projection for NHS GG&C is £289.3m which is split £214.6m for the Board and the IJB's is £74.7m. The IJB expenditure is split £16.0m Health and £59.0m LA.

Due to the change in reporting requirements the Covid-19 spend will only be updated and reported on a quarterly basis, with the Quarter 2 update to be provided at the end of October 2021. Updated figures will be presented at the next FP&P (and Board) meeting.

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The Month 5 Revenue Position

Month 5 Position- Overall Position

NHS Greater Glasgow and Clyde

Financial Performance – Month 5

This section of the report provides analysis of the financial position at 31st August 2021.

Area	Pays, Non Pays Position	Unachieved Savings	Final reported Position
	£m	£m	£m
Acute	(1.4)	(11.7)	(13.0)
Partnerships	0.0	0.0	0.0
Corporate Departments	3.1	(31.5)	(28.3)
Financial Position at 31st August 2021	1.8	(43.1)	(41.4)

As outlined above, the Board recorded a deficit of £41.4m at 31st August 2021. This includes an initial Covid-19 allocation to cover direct expenditure.

The overspend is due to unachieved savings of £43.1m offset by underspends within the corporate departments.

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Month 5 Position – Acute Services

Financial Performance – Month 5 (Cont'd)

The Acute Division is reporting an overspend at Month 5 of £13.0m. All Covid-19 costs are fully funded. Overall, Pays are underspent by £1.0m and Non Pays by £2.3m. Within Pays, there remains a significant pressure of £2.9m in Junior Doctors. Key improvement actions include:-

- Reconciliation of the rota numbers versus the service needs.
- Reviewing alternative delivery options e.g the utilisation ANP's overnight to enable daytime cover.
- Improving the focus on ensuring breaks are taken for rota compliance and general health and wellbeing.

The non pay overspend is predominately due to the use of 'Out of Area' beds and an increase in interventional radiology and neuro radiology supplies.

The FIP position reports £11.7m of unachieved savings.

Acute	Pay	Non Pay	FIP	21/22 Month 5 Total	20/21 Month 12 Total
	£m	£m	£m	£m	£m
South Sector	0.9	(0.3)	(2.8)	(2.2)	0.9
North Sector	(1.4)	(0.4)	(2.0)	(3.8)	(0.9)
Clyde Sector	(0.2)	0.2	(1.2)	(1.2)	0.0
Diagnostics Directorate	1.4	(0.9)	(1.7)	(1.2)	1.8
Regional Services	0.3	(0.6)	(2.5)	(2.8)	(1.3)
Women & Childrens Services	0.1	(0.4)	(1.8)	(2.1)	0.0
Directorate Totals	1.0	(2.4)	(12.0)	(13.4)	**0.4**
Acute Corporate	0.0	0.0	0.3	0.4	(0.0)
Acute Expenditure Totals	1.0	(2.3)	(11.7)	(13.0)	**0.4**
Income (Under)/Over Recovery	0.0	0.0	0.0	0.0	0.0
Acute Total	**1.0**	(2.3)	(11.7)	(13.0)	**0.4**

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Month 5 Position - Partnerships

Financial Performance – Month 5 (Cont'd)

Partnerships reported an overall breakeven position on the Health element of their budgets as at 31st August 2021.

HSCP	Annual Budget £m	YTD Budget £m	YTD Actuals £m	YTD Variance £m
Glasgow City	760.8	331.7	330.7	1.0
East Dunbartonshire	90.5	39.9	39.9	0.0
East Renfrewshire	78.0	33.5	33.5	0.0
Inverclyde	98.3	40.2	40.2	0.0
Renfrewshire	186.7	73.7	72.0	1.7
West Dunbartonshire	101.9	42.1	42.1	0.0
Total HSCPs	**1,316.3**	**561.1**	**558.4**	**2.7**
Other Partnerships Budgets	31.9	6.4	9.1	(2.7)
Total Partnerships	**1,348.2**	**567.6**	**567.6**	**(0.0)**

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Month 5 Position – Corporate Directorates

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Financial Performance – Month 5 (Cont'd)

Corporate Directorates are reporting an overspend at Month 5 of £28.3m. £31.4m of the overspend relates to unachieved savings, £0.8m across the Corporate Departments and £30.6m relating to the unallocated savings target. Out with unachieved savings Corporate Affairs has an small overspend, largely due to legal fees associated with ongoing issues in relation to the QEUH which is offset by underspends in other areas.

Corporate Director Summary	Annual Budget	YTD Budget	YTD Actual	YTD Variance
	£m	£m	£m	£m
Board Medical Director	53.9	20.0	19.7	0.3
Centre For Population Health	1.3	0.1	0.1	(0.0)
Corporate Affairs	4.8	2.4	2.8	(0.4)
Corporate Communications	1.6	0.7	0.6	0.1
Director of eHealth	86.4	33.6	33.6	0.0
Director of Finance	13.1	5.3	5.2	0.1
Director of Human Resources	22.3	8.4	7.9	0.6
Director of Nursing	8.2	3.0	2.7	0.2
Director of Public Health	19.3	4.8	4.5	0.4
Other Corporate Expenditure	91.2	40.4	39.4	1.0
Estates and Facilities	278.1	121.6	121.5	0.0
Total Corporate Directorates	**580.1**	**240.2**	**238.0**	**2.3**
Unallocated Savings	(115.2)	(30.6)	0.0	(30.6)
Total Corporate	**464.9**	**209.6**	**238.0**	**(28.3)**

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Financial Improvement Programme (FIP)

Financial Improvement Programme

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The Financial Improvement Programme (FIP) – Month 5

Achieved

Progress is being made with the FIP 2021/22. On a full year basis £11.1m has been achieved at August 2021 against the £45m target (£8.95m reported at July 2021), an increase of £2.2m on a recurring basis. This represents 25% of the overall target achieved at Month 5. The year to date and full year detailed position against plan is set out in the table below.

Directorate	Year-to-Date			Current Year Effect			Full Year Effect			
	Savings Target £000's	Savings Achieved £000's	Balance Outstanding £000's	Savings Target £000's	Savings Achieved £000's	Balance Outstanding £000's	Savings Target £000's	Savings Achieved £000's	Balance Outstanding £000's	Achieved %
GD: South Sector	(3,604)	772	(2,832)	(8,732)	1,742	(6,990)	(8,732)	1,816	(6,916)	20.8%
GC: North Sector	(2,399)	438	(1,961)	(5,754)	950	(4,804)	(5,754)	890	(4,865)	15.5%
GZ: Clyde Sector	(1,835)	620	(1,216)	(4,653)	1,485	(3,168)	(4,653)	1,504	(3,149)	32.3%
G4: Diagnostics Directorate	(2,111)	427	(1,683)	(5,009)	974	(4,035)	(5,009)	743	(4,266)	14.8%
G5: Regional Services	(2,757)	227	(2,530)	(7,219)	946	(6,273)	(7,219)	1,588	(5,631)	22.0%
G6: Women & Childrens Services	(2,001)	206	(1,795)	(5,384)	686	(4,698)	(5,384)	903	(4,481)	16.8%
G8FIP1: Fip - Acute Wide	0	338	338	0	810	810	0	810	810	0.0%
GAI&E: Acute Division I & E	**(14,707)**	**3,026**	**(11,680)**	**(36,752)**	**7,594**	**(29,157)**	**(36,752)**	**8,253**	**(28,498)**	**22.5%**
G7: Estates+facilities Directorate	(1,701)	1,064	(637)	(4,856)	1,858	(2,999)	(4,856)	1,491	(3,366)	30.7%
GDK: Ooh	(108)	25	(83)	(260)	200	(60)	(260)	0	(260)	0.0%
GTC: Corporate Finance	(22)	23	1	(192)	55	(136)	(192)	56	(136)	29.1%
GTD: Public Health	(307)	307	0	(361)	361	0	(361)	58	(303)	16.2%
GTE: Nursing	(67)	60	(7)	(160)	144	(16)	(160)	144	(16)	90.1%
GTF: Corporate Communications	(9)	9	(0)	(21)	21	0	(21)	21	(0)	100.0%
GTH: Human Resources	(117)	117	(0)	(280)	280	(0)	(280)	280	0	100.0%
GTI: Hi&t Director	(408)	344	(64)	(1,089)	778	(312)	(1,089)	512	(577)	47.0%
GTJ: Board Medical Director	(259)	223	(36)	(1,167)	726	(441)	(1,167)	305	(862)	26.2%
GTL: Corporate Administration	(49)	19	(30)	(117)	45	(72)	(117)	2	(115)	1.7%
GBI&E: Corporate I&e	**(3,045)**	**2,191**	**(855)**	**(8,503)**	**4,468**	**(4,035)**	**(8,503)**	**2,869**	**(5,634)**	**33.7%**
Sum:	**(17,752)**	**5,217**	**(12,535)**	**(45,255)**	**12,062**	**(33,192)**	**(45,255)**	**11,122**	**(34,132)**	**24.6%**

Financial Improvement Programme

The Financial Improvement Programme (FIP) – Month 5

Projected

To date there are 186 live projects delivering a recurring value of £15.4m of which £4.2m will be delivered in the remainder of the year. A further 57 projects are being developed with a value of £15.4m and work is ongoing to develop these into delivering projects. These include more organisational, strategic projects such as Prescribing, Income Generation and Procurement.

This provides an overall projected value of £30.8m or 68% of the target.

Appreciating the current workload and service pressures, a more tailored, prioritised set of actions has been identified to further progress these projects. However, the level of current and expected service pressure also means the level of risk around achieving the £30.8m is medium.

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Capital Position

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The 2021/22 Capital Position Month 5

The planned Capital Funding for 2021/22 includes:

i) The Board's share of new national capital funding for 2021/22, which is made available on a formula basis to all Health Boards;

ii) Ring-fenced funding for specific projects;

iii) The capital (Net Book Value) element of those asset disposals where it has been agreed that the Board can retain proceeds for local use.

The current forecast core capital resources available to the Board for investment in 2021/22 amount to just over £72.8m. This figure comprises a general allocation of £37.4m from SGHSCD in respect of core capital expenditure, ring-fenced specific funding amounting to £24.9m, an estimated amount of £1.8m in respect of Capital Receipts generated through property disposal and an amount of revenue funded capital expenditure, amounting to £8.7m. This amount includes revenue funding received as part of the Primary Care Implementation Plan to improve clinical and patient areas within Health Centres.

The "ring-fenced specific funding" represents direct capital allocations from SG. For 2021/22 this amount includes £7.5m to be provided by SGHSCD to finalise the Full Business Case, and commence construction activities, at the proposed North East Glasgow Hub Scheme. Ring-fenced funding also includes an estimated amount of £1.3m to progress plans to relocate the Radionuclide Dispensary from its current location on the former Western Infirmary site. The actual level of funding required this year will be adjusted in line with the updated profiles developed during completion of the Outline Business Case.

Other areas of ring-fenced funding include the creation of Education Pods at the Dental Hospital, the development of Thrombectomy Services at the INS, ongoing rectification works at QEUH/RHC, in year equipping requirements for the MTC, Decontamination, Laundry and Catering services plus funding for Decarbonisation projects across various sites.

Capital Position

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In addition to the aforementioned ring-fenced schemes, other major areas of planned spend include:

i) An amount of £3.1m to progress the refurbishment of Ward accommodation at Level 6, GGH.

ii) At GRI, continued investment in Endoscopy ventilation, together with HEI upgrade works at Theatre E.

iii) At the QEUH campus, investment to ensure completion of all required ventilation upgrades and rectification work at Ward 2A RHC, together with progressing HEI upgrade works within Ward 63 of the INS.

iv) To ensure delivery of the Clyde Trauma Strategy, investment at RAH includes the new Trauma Assessment Unit (£0.9m), upgrade of Ward 22 (£0.5m), and £0.7m being provided to complete the installation of Laminar Flow within Theatre 5, which commenced last year. At IRH, £1.7m investment is also being made in respect of Laminar Flow in Theatre 6.

v) £1.7m to progress the development of a Sexual Assault Referral Centre at William Street, and associated accommodation, which was carried over from last year.

vi) An overall allocation of £5.6m in respect of Medical Equipment replacement – split between emergency replacement and a planned general replacement programme.

vii) An amount of £7.3m has been set aside for investment in e-Health priorities, including PACs and a replacement Laboratory Information System (LIMS).

viii) In addition to the ring-fenced funding set aside for the development of the North East Glasgow Hub, separate provision has been made in respect of the initial equipping requirements of the new Clydebank Health Centre.

ix) A budget of £9m is currently included under Corporate schemes for local minor works projects. Similar to previous years, this allocation has largely been delegated to the Director of Estates and Facilities to address the top Building Infrastructure and Backlog maintenance priorities.

At the end of Month 5 the Plan includes £0.9m of unallocated capital, however it is increasingly unlikely that forecast land sales at Dykebar and Lennox Castle will conclude this year which will lead to a reduction in available Capital, effectively reducing current available unallocated capital to zero. However, the possibility of an additional property sale of Waverley Park LDF may introduce limited capital availability later in the year.

2021/22 Projection

2021/22 Projection

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2021/22 Projection

In terms of 2021/22, the landscape remains somewhat uncertain, as the impact and costs associated with managing Covid-19 remain a challenge. This includes the vaccination programme, continued testing and the impact on staffing and service delivery.

An initial financial plan for 2021/22 was submitted to Scottish Government in March 2021 which outlined a deficit of £19.5m. Since then, the AFC pay award and final uplift has now been agreed. A revised financial plan was submitted on the 30th June 2021 outlining a deficit of £25.8m. The £6m increase is down to increase cost pressure from Office 365 of £2m and £4m due to the shortfall in AFC uplift and SLA uplift.

However, the FIP has been remobilised and the Board will endeavour to maximise the level of recurring savings. This, coupled with non-recurring funds, means the £25.8m presents an acceptable level of risk for the Financial Plan at this stage. Current projections indicate financial break-even in-year is achievable, although the level of inherent risk is medium/high.

Covid-19 Funding

As outlined above, initial funding has been allocated of £45.8m. The Scottish Government plan to review the Quarter 1 submission and we expect to received future allocations. It is anticipate that all direct expenditure will be fully funded. Although initial signs are positive, there is still uncertainty around the funding for unachieved savings.

Quarter 1 review meetings have been set up with Scottish Government and all Boards. The NHSGG&C review meeting took place on the 23rd of September 2021. It is expected that Scottish Government will provide a further Covid-19 allocation in November 2021.

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Conclusion

Conclusion

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Conclusion

The purpose of this report is to provide the Board with a Month 5 financial update.

Current Position

At 31st August 2021 the Board's financial ledger highlights and overspend of £41.4m. This is almost wholly attributable to unachieved savings. The direct Covid-19 expenditure for the 5 months of the year has been partly covered by the initial allocations received from the Scottish Government - £21m in the first tranche of general Covid-19 related funding, with further allocations for Covid-19 vaccinations of £11.4m and Test and Protect £13m. It is expected that there will be a further Covid-19 allocation in November 2021 to cover an element of the forecast spend for Quarters 2-4. This general allocation does not include any funding for unachieved savings as a result of Covid-19 – although signs are positive, no confirmation has been received to date if this will be funded.

The total Covid-19 funding request submitted to Scottish Government in June 2021 outlines a projected spend (and funding request) of £289.3m; split £214.6m for the Board and £74.7m for the IJBs. The IJB expenditure is split £16m Health and £59m Local Authority.

FIP

Progress is being made with the FIP 2021/22. On a full year basis £11.1m has been achieved at August 2021 against the £45m target (£8.95m reported at July 2021). This represents 25% of the overall target achieved at Month 5.

To date there are 186 live projects delivering a recurring value of £15.4m of which £4.2m will be delivered in the remainder of the year. A further 57 projects are being developed with a value of £15.4m and work is ongoing to develop these into delivering projects. These include more organisational, strategic projects such as Prescribing, Income Generation and Procurement. This provides an overall projected value of £30.8m or 68% of the target. However, the level of current and expected service pressure also means the level of risk around achieving the £30.8m is medium.

Conclusion

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Conclusion

Projection

An initial financial plan for 2021/22 was submitted to Scottish Government in March 2021 which outlined a deficit of £19.5m. Since then, the AFC pay award and final uplift have now been agreed. A revised financial plan was submitted on the 30th of June 2021 outlining a deficit of £25.8m. The £6m increase is down to increased cost pressures from Office 365 of £2m and a shortfall as a result of the final AFC settlement of £4m.

However, the FIP have been remobilised and the Board will endeavour to maximise the level of recurring savings, at the same time as maximising the use of any non recurring funds available. Current projections indicate financial break-even in-year is achievable, although the level of inherent risk is medium/high. To reduce the risk, it is imperative that all Directors and Managers implement the actions outline above.

Progress is being made in reducing the underlying recurring deficit in-year. However, there are also significant cost pressures also emerging that may offset that reduction. Reports will provide updates as the situation becomes clearer as the financial year progresses.

In summary, Members are asked to ;

i) Note the revenue position at Month 5,

ii) Note the Month 5 position with the FIP,

iii) Note the capital position at Month 5.