

*BOARD OFFICIAL*

***NHSGGC – 2019/20 Out-turn Report***  
***NHS Board Meeting***  
***Date (Paper 20/28)***



# Introduction



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## ***Purpose and Format of Report***

The purpose of this report is to provide an update 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 2020 (**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 2020; and
- ii) Note** the capital position at month 12 and the provisional out-turn for the year to 31 March 2020.

# Executive Summary



## Executive Summary

At 31 March 2020 the Board is reporting expenditure levels £0.6m under budget. This compares to £6.0m overspent at the previous month end. The Board has met its revenue target of financial break-even subject to confirmation of reimbursement of COVID 19 costs incurred in March 2020.

The Financial Improvement Programme achieved savings totalling **£23.8m on a FYE and £31.2m On a CYE**. An exercise is currently underway to finalise the FIP numbers and determine what initiatives will be rolled forward into 2020/21.

However, the Board is currently reporting that the underlying recurring deficit has increased from £50m to £55m before additional cost pressures for 2010/21 are included.

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.

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## ***The 2019/20 Revenue Position***

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# 2019/20 Position



## Financial Performance – 2019/20

This section of the report provides analysis of the financial position at 31 March 2020.

Area	Gross Position £m	Non Recurring Relief £m	Final Reported Position £m
Acute	(49.2)		(49.2)
Partnerships	0.0		0.0
Corporate Departments	(12.6)		(12.6)
Corporate Adjustments (non recurring)		62.4	62.4
<b>Gross/Net Financial Position at 31 March 2020</b>	<b>(61.8)</b>	<b>62.4</b>	<b>0.6</b>

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At 31 March 2020 the Board has reported expenditure levels £0.6m under budget. During March additional COVID related costs totalling £7.9m (Board £4.7m, HSCPs £3.2m) were incurred. Scottish Government has confirmed these costs will be reimbursed.

The Board has factored in £62.4m of non recurring relief to support the financial position.

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



# 2019/20 Position – Acute Services



## Financial Performance – 2019/20(Cont'd)

The Acute Division reported an expenditure overspend at Month 12 of £49.2m . Of this deficit £44.5m related to unachieved savings, £1.1m is related to pay and £3.6m is associated with non-pay.

Income/Expenditure by Directorate	Pay Variance £m	Non Pay Variance £m	FIP Variance £m	Total Variance £m
South Sector	0.7	(1.6)	(11.2)	(12.1)
North Sector	(2.4)	(0.1)	(6.9)	(9.4)
Clyde Sector	(1.4)	(0.9)	(6.1)	(8.4)
Diagnostics Directorate	2.5	(0.9)	(5.4)	(3.8)
Regional Services	2.5	(1.4)	(7.3)	(6.2)
Women & Childrens Services	(0.2)	(0.2)	(7.6)	(8.0)
<b>Acute Directorates</b>	<b>1.7</b>	<b>(5.1)</b>	<b>(44.5)</b>	<b>(47.9)</b>
Acute Divisional Services	(2.8)	1.5	0.0	(1.3)
<b>Total Acute Expenditure</b>	<b>(1.1)</b>	<b>(3.6)</b>	<b>(44.5)</b>	<b>(49.2)</b>
Acute Income				0.0
<b>Total Acute</b>	<b>(1.1)</b>	<b>(3.6)</b>	<b>(44.5)</b>	<b>(49.2)</b>

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## 2019/20 Position – Acute Services



### Financial Performance – 2019/20(Cont'd)

The main pressures in pay are associated with medical (£1.5m) and nursing (£2.1m) salaries due to the inherent cost of providing certain services in particular geographical locations, service demands and the requirement to cover sickness / absence and vacancy via bank and agency spend.

Income/Expenditure by Directorate	Annual Budget	YTD Budget	YTD Actuals	YTD Variance
	£m	£m	£m	£m
South Sector	413.4	413.4	425.6	(12.2)
North Sector	214.8	214.8	224.2	(9.4)
Clyde Sector	198.4	198.4	206.7	(8.3)
Diagnostics Directorate	200.4	200.4	204.2	(3.8)
Regional Services	315.9	315.9	322.2	(6.3)
Women & Childrens Services	214.5	214.5	222.5	(8.0)
<b>Acute Directorates</b>	<b>1,557.4</b>	<b>1,557.4</b>	<b>1,605.4</b>	<b>(48.0)</b>
Acute Divisional Services	(34.1)	(34.1)	(32.9)	(1.2)
<b>Total Acute Expenditure</b>	<b>1,523.3</b>	<b>1,523.3</b>	<b>1,572.5</b>	<b>(49.2)</b>
Acute Income	(588.7)	(588.7)	(588.7)	0.0
<b>Total Acute</b>	<b>934.6</b>	<b>934.6</b>	<b>983.8</b>	<b>(49.2)</b>

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# 2019/20 Position – Corporate Directorates



## Financial Performance – 2019/20 (Cont'd)

Corporate Directorates reported an expenditure overspend at Month 12 of £12.6m.

Expenditure was close to budget for pay and non pay across all Directorates with the exception of the property maintenance costs and under achievement of savings within Estates and Facilities. The overspend in eHealth is mainly due to underachieved savings and Corporate Services incurred increased legal costs of £0.3m during 2019/20 as a result of the enquiry relating to QEUH which contributed to their overspend.

Corporate Director Summary	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Board Medical Director	45.9	45.9	46.1	(0.2)
Centre For Population Health	1.3	1.3	1.3	0.0
Corporate Affairs	4.1	4.1	4.6	(0.5)
Corporate Communications	0.9	0.9	0.8	0.1
Director of Finance	16.4	16.4	13.8	2.6
Director of eHealth	72.8	72.8	74.3	(1.5)
Director of Human Resources	18.1	18.1	17.7	0.4
Director of Nursing	6.4	6.4	6.1	0.3
Director of Public Health	16.0	16.0	15.7	0.3
Other Corporate Expenditure	97.1	97.1	97.6	(0.5)
Estates and Facilities	252.8	252.8	266.4	(13.6)
<b>Total Corporate Expenditure</b>	<b>531.8</b>	<b>531.8</b>	<b>544.4</b>	<b>(12.6)</b>

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## 2019/20 Position - Partnerships



### Financial Performance – 2019/20 (Cont'd)

Partnerships reported a breakeven at 31 March 2020. HSCPs have all reported a breakeven out-turn on the Health budget with any underspends transferred to reserves at the year end. East Dunbartonshire HSCP has reported a deficit overall which has been partially reduced by an underspend on the NHS element of the budget.

There was increased prescribing activity in March 2020 as a result of additional dispensing in advance of the anticipated lockdown which resulted in the March accrual being £4.2m higher than expected. All HSCPs managed to absorb this within existing prescribing budgets and contingencies. April volumes have fallen which appears to confirm that this was essentially a timing difference.

Income/Expenditure by Partnership	Annual Budget £m	YTD Budget £m	YTD Actuals £m	YTD Variance £m
Glasgow City	749.1	749.1	749.1	0.0
East Dunbartonshire	92.5	92.5	92.5	0.0
East Renfrewshire	77.5	77.5	77.5	0.0
Inverclyde	95.2	95.2	95.2	0.0
Renfrewshire	183.0	183.0	183.0	0.0
West Dunbartonshire	100.4	100.4	100.4	0.0
<b>Total HSCPs</b>	<b>1,297.7</b>	<b>1,297.7</b>	<b>1,297.7</b>	<b>0.0</b>
<b>Other Partnerships Budgets</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>	<b>0.0</b>
<b>Total Partnerships Expenditure</b>	<b>1,344.5</b>	<b>1,344.5</b>	<b>1,344.5</b>	<b>0.0</b>
Total Partnerships Income	(84.8)	(84.8)	(84.8)	0.0
<b>Net Expenditure</b>	<b>1,259.7</b>	<b>1,259.7</b>	<b>1,259.7</b>	<b>0.0</b>

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***Achieving Breakeven at 31 March 2020***

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# Achieving Breakeven at 31 March 2020

## *This section of the report highlights how the Board achieved breakeven in 2019/20*



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The Financial Plan approved by the Board in June 2018 initially projected a potential deficit of £44.0m. 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 £62.4m of non recurring funding to achieve the out-turn of £0.6m underspent at 31 March 2020.

Description	£m	Comments
<b>Funding</b>		
Additional DEL	30.4	Allocation from Scottish Government
Holiday Pay	6.0	Reduction in accrual
Capital Charges	2.0	Reduction in annual capital charges cost
Capital to Revenue Transfer	15.0	Allocation from Scottish Government
Infrastructure Funding	9.0	Allocation from Scottish Government
<b>Total</b>	<b>62.4</b>	

# Achieving Breakeven at 31 March 2020

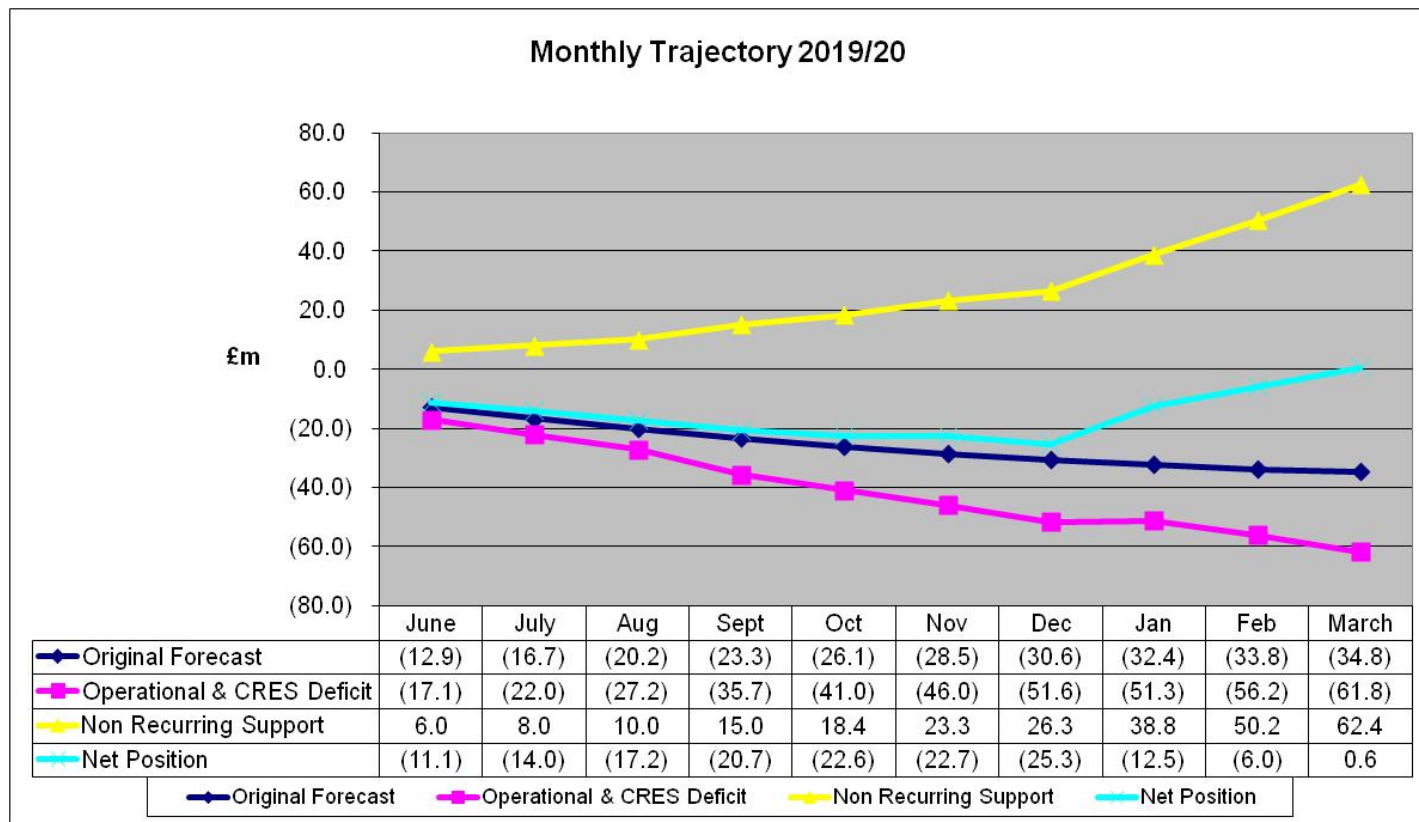
## This section of the report highlights how the Board achieved breakeven in 2019/20



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The graph below shows the monthly position throughout the year. Of particular note is the improvement in the position in the last quarter as additional sources of non recurring funding became available.



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## ***Achievement of Cost Savings - Financial Improvement Programme (FIP)***

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# Achievement of Cost Savings 2019/20

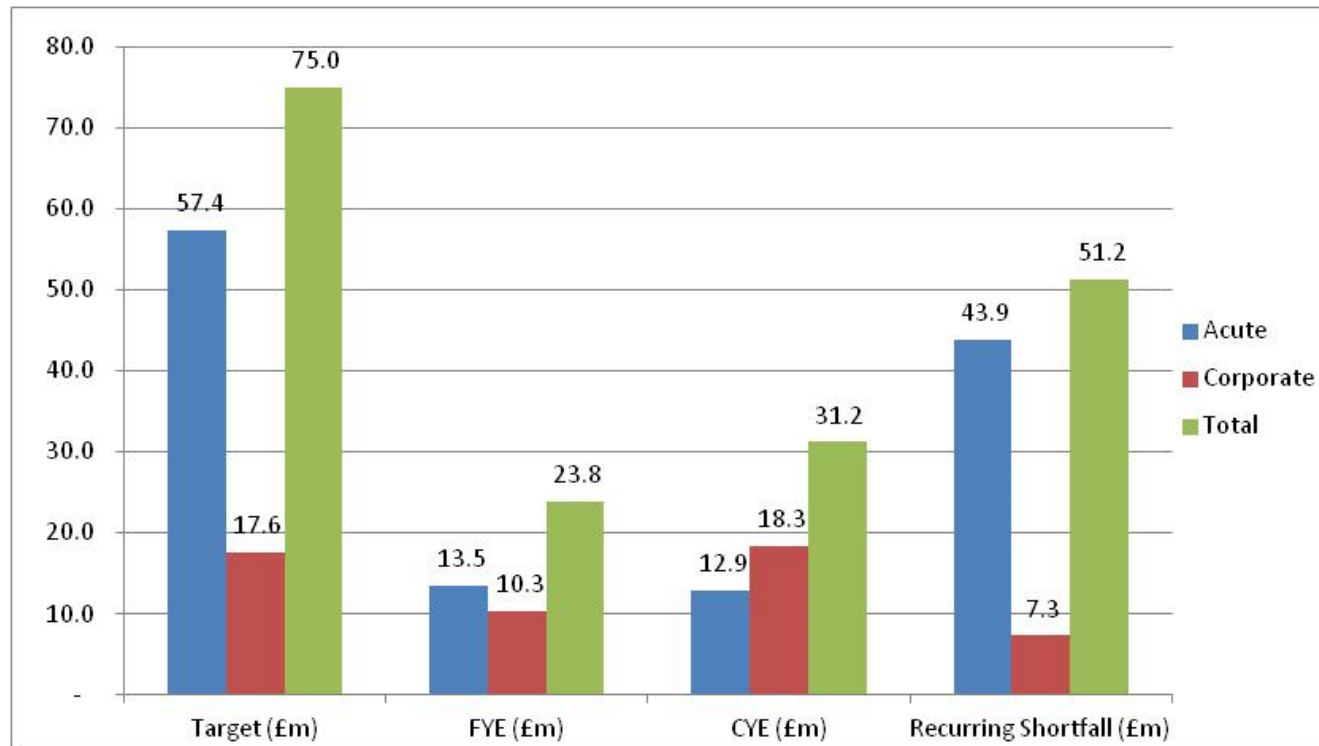
## This section of the report highlights achievement of cost savings in 2019/20



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The graph below shows the achievement of savings by service area for 2019/20. At 31 March 2020 there was a shortfall of £51.2m (compared to £50.2m for 2018/19) against the recurring target of £75.0m 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.





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## ***Capital Out-turn at 31 March 2020***

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# Capital Out-turn at 31 March 2020



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## *This section of the report highlights the year end capital position*

The initial forecast level of gross Capital Resources for 2019/20, amounted to £51.3m. This included an amount of £3.0m to be generated from asset disposals which was subsequently revised to £1.7m due to the timing of receipts.

The overall level of resource was later increased to £56.8m, chiefly as a result of additional central capital being received from SGHSCD in respect of medical equipment and e-health investment. In order to best manage the Board's overall revenue and capital out-turn, a transfer of £16.5m from capital to revenue was progressed. This was largely facilitated via an agreed transfer of funds with the Scottish Government, together with the management of internally generated revenue to capital transfers. This resulted in the final gross Capital Resources amounting to £40.3m.

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 2019/20, and confirmed in the final year end allocation letter, amounted to £36.9m.

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.

# Capital Out-turn at 31 March 2020



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*This section of the report highlights the year end capital position*

<b>Net Capital Expenditure</b>	<b>£m</b>
Gross Capital Expenditure	40.3
<u>Other Adjustments</u>	
Less: Transfer to Revenue of expenditure which does not add value to the Board's Estate and VAT Recovery	- 1.7
Less: NBV of Disposals in Year, including repayment of Subordinated Debt on Hub Schemes	- 1.7
<b>Net Capital Expenditure</b>	<b>36.9</b>
<b>Capital Outturn</b>	<b>£m</b>
Core Capital Resource Limit	36.9
Net Capital Expenditure	36.9
<b>Surplus on Core Capital Resource Limit</b>	<b>0.0</b>

The Board has therefore operated within its capital Resource limit for 2019/20 subject to external audit confirmation.