

**NHSGGC- Month 7 Finance Report**  
*Board Meeting*  
*December 2023 (Paper 23/XX)*



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# Purpose and Format

The purpose of this report is to provide the Board with the monthly finance position, including the position of the Sustainability and Value and Capital Programme for 2023/24.

The format of the report covers;

- i) Executive Summary (page 3)
- ii) The Month 7 revenue position (pages 4-5)
- iii) The Month 7 Sustainability and Value position and progress for 23/24 (pages 6-9)
- iv) The Month 7 capital position (pages 10-12)
- v) 2023/24 Forecast (pages 13-17)
- vi) Conclusion (pages 18-19)

Members are asked to ;

- i) Note the revenue position at Month 7
- ii) Note the Month 7 position for Sustainability and Value and progress for 23/24
- iii) Note the capital position at Month 7; and
- iv) Note the 2023/24 projection.

# Executive Summary

## 2023/24 Current Position

At 31<sup>st</sup> October 2023 the Board's financial ledger highlights an overspend of £37.91m.

- The deficit is made up of the following:-
  - Pay and non-pay overspend of £6.5m. Acute pay and non-pay is overspent by £20.09m, with Corporate pay and non-pay offsetting an element of this with an underspend of £13.32m. Partnerships has a pay and non pay underspend of £0.26m, albeit this follows the use of reserves to mitigate current pressures.
  - Unachieved savings at month 7 amount to £31.41m.

# Month 7 Revenue Position

## Month 7 - Overall Position

### Financial Performance – Month 7

This section of the report provides analysis of the financial position at 31<sup>st</sup> October 2023.

Area	Pays, Non Pays Position	Unachieved Savings	Final reported Position
	£m	£m	£m
Acute	(20.09)	(23.53)	(43.62)
Partnerships	0.26	(0.26)	0.00
Corporate Departments	13.32	(7.62)	5.70
<b>Financial Position at 31st October 2023</b>	<b>(6.50)</b>	<b>(31.41)</b>	<b>(37.91)</b>

As outlined above, the Board recorded a deficit of £37.91m at 31<sup>st</sup> October 2023. (Month 6 reported £41.93m)

The deficit is made up of the following:-

- Pay and non-pay overspend of £6.5m. Acute pay and non-pay is overspent by £20.09m and Corporate areas pay and non-pay is underspent by £13.32m. Partnerships has a pay and non-pay underspend of £0.26m, albeit only following the utilisation of reserves.
- Unachieved savings at month 7 amount to £31.41m.

# Sustainability and Value

# Sustainability and Value Programme

## The Sustainability and Value Programme (SVP) – Month 7

The Month 7 position shows that £29.7m / 15.5% on a recurring basis and £131.2m / 68.7% on an in-year basis achieved as of Month 7 against the overall target of £190.9m.

Included within the figures above are financial plan additional amounts of £107.3m on a non-recurring in-year basis and £15.6m recurrent monies being released in Month 7. These incorporate additional funding received from Scottish Government in relation to financial sustainability and new medicines fund

All sectors and directorates were tasked with identifying an initial 50% of their savings by the end of quarter one. Unfortunately this has still not been achieved and as such we remain significantly short of the overall targeted position. Further work is ongoing to increase the savings being delivered by sectors and directorates through internal governance processes, as this increase is required to both reduce the recurring element of the deficit and improve the overall in year financial outturn.

# Sustainability and Value Programme

## The Sustainability and Value Programme (SVP) – Forecast Position

The Month 7 forecast position remains at £52m on a recurring basis, this equates to 69% of the £75m target for 2023-24, it should be noted that this is dependent on full delivery of the forecast, this includes the current pipeline of projects, the additional savings anticipated from cross cutting projects and the adjustments to the financial plan.

There are both project and organisational level risks that will need to be managed and mitigated to ensure this level of achievement.

The in-year forecast has improved to £147.6m of the £190.9m financial challenge, this represents 77% of the target to date, assuming full delivery of all declared projects.

As we are now in the 2nd half of the financial year, the additional required levels of savings has yet to be identified on both an in year and recurring basis and it is imperative that the remaining £23m is identified to ensure that the recurring deficit going into 2024/25 does not increase.

Table 3: Month 7 Forecast position

<b>Area of Delivery</b>	<b>CYE Delivered or forecasted (£m)</b>	<b>FYE Delivered or forecasted (£m)</b>
<i>Confirmed pipeline as of Month 7</i>	28.50	23.31
<i>Additional savings (Pipeline of projects)</i>	11.80	13.10
<b>S&amp;V Forecast (£75m)</b>	<b>40.30</b>	<b>36.41</b>
<i>Central Balance/ Financial plan adjustment (against £115.9m)</i>	107.31	15.60
<b>Overall Month 7 Forecast (£190.9m)</b>	<b>147.61</b>	<b>52.01</b>
	<b>77.6% of £190.9m</b>	<b>69% of £75m</b>



# Sustainability and Value Programme

## The Sustainability and Value Programme (SVP) – Summary

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There are both project and organisational level risks that will need to be managed and mitigated to ensure this level of achievement.

The in-year forecast has improved to £147.6m of the £190.9m financial challenge this represents 77% of the target to date, again this is dependent on full delivery of all declared projects.

All areas are required to accelerate their own schemes and support, drive and participate in the wider crosscutting schemes.

In addition to this there is a critical need for expenditure rates across all areas to be brought into budgetary balance. The current levels of overspend coupled with the lack of sufficient savings plans have resulted in a challenged financial position.

# Capital Position



# Capital Position

## Capital Expenditure – October 2023

- Total Gross Capital Expenditure to date : £45.2m (46% of plan)
- Annual Capital Budget at 31/10/23 : £98.7m
- Balance of Budgeted Cap. Ex. to be incurred : £53.5m
- Total Expenditure Committed : £76.7m (78%)
- Uncommitted Budget : £22.0m (22%)

\* Committed [Expenditure incurred + Orders placed]

Total gross capital expenditure incurred to 31<sup>st</sup> October 2023 is £45.2m amounting to 46% of the annual plan (of £98.7m). This leaves a balance of £53.5m of expenditure to be incurred by 31<sup>st</sup> March 2024.

£76.7m of the planned expenditure has now been committed to date (Goods or services ordered or received) leaving an uncommitted budget balance of £22.0m. There are projects allocated against £97.1m of the capital budget with the remaining £1.6m to be prioritised and allocated in the coming months.

The annual capital budget has decreased from £98.9m last month to £98.7m as at the 31<sup>st</sup> October 2023. This is mainly due to reduction in funding requirement offset by revenue funding for capital schemes.

The 2023/24 forecast Capital Resource Limited as at 31<sup>st</sup> October is £93.9m an decrease of £0.4m on last month.

# Capital Position

## Capital Expenditure – to 31<sup>st</sup> October 2023 : £45.2m

### Main areas of Expenditure as below:

- £ 24.6m in relation to building work at the new Glasgow North East Health & Social Care Centre.
- £ 11.6m of expenditure has been incurred on hospital site based schemes.
  - QEUH : Waste hold doors replacement programme
  - QEUH : Rectification works: Atrium, Chilled Water, Fire Safety, Roof Garden
  - QEUH : Cardiology Physiotherapy Room Upgrade
  - INS : New Thrombectomy Suite
  - INS : Ward 62 Upgrade
  - INS : Development Study
  - Gartnavel : Radionuclide Dispensary relocation
- £ 1.2m: Minor Works Schemes
- £ 1.2m: PCIP Works to Glasgow & Renfrewshire Health Centres
- £ 0.2m William Street Clinic Upgrade Phase II
- £ 4.0m: Medical Equipment Replacement
- £ 0.7m: Radiotherapy Equipment Replacement Programme
- £ 0.7m: Facilities : RAH Kitchens Upgrade
- £ 0.1m : Feasibility/Scoping exercises
- £ 0.4m : Switched on Fleets : Electric Vehicle Infrastructure
- £ 0.5m: Corporate : GP Loans Issued

# 2023/24 Forecast

# 2023/24 Forecast

The financial plan was approved by the Board on the 25<sup>th</sup> of April 2023. The financial plan highlighted an overall financial challenge for the Board of £190.9m. The assumption is that recurring savings of £75m will be achieved in 2023/24 and there will be non recurring relief of £44.8m (£50m non-recurring relief less £5.2m of non-recurring investments) available which would result in the deficit of £71.1m.

The deficit position is constantly being reviewed and this deficit has now been reduced to **£38.2m** as can be seen in the table below. The £8.2m movement from the month 5 position that was previously reported to FP&P is due to additional funding of £3m from Scottish Government to cover legal costs, release further in year opportunities and also as a result of good progress in reducing some of the pressures that the Board is facing.

Board Finance Plan	Fin Plan April 23	Month 3	Month 4	Month 5	Month 6	Month 7	Movement Fin Plan v Month 7
	£m's	£m's	£m's	£m's	£m's	£m's	£m's
Core (Deficit)/ Surplus	(71.1)	(53.3)	(53.3)	(46.4)	(41.9)	(38.2)	(32.9)
<b>Total Deficit</b>	<b>(71.1)</b>	<b>(53.3)</b>	<b>(53.3)</b>	<b>(46.4)</b>	<b>(41.9)</b>	<b>(38.2)</b>	<b>(32.9)</b>

2023/24 is continuing to be a challenging year, given the number of operational priorities that the board is facing and the underlying financial challenge. Work will continue throughout the year to review this position, reduce current pressures and source further opportunities.

It is extremely important that the Sectors and Directorates continue to identify savings to reach their targets to assist with meeting the Financial Plan targets, and that further recurring and non-recurring opportunities are achieved to mitigate this deficit further, combined with a reduction in current areas of overspend within pay and non-pays.

# IJB Year end position

Two of the six IJB's, Glasgow and West Dunbartonshire, are currently progressing local financial recovery plans due to increasing pressures that were not included in the original plans approved by the IJB boards. However, both still expect to break even at the year end. East Renfrewshire is not in recovery planning stage yet but has highlighted a possible overspend at year end and that financial recovery planning may be required as there are insufficient reserves available to cover current overspends. The IJB is currently working with local authority and health to review all options to mitigate current levels of pressures being experienced.

The remaining 3 IJB's are still facing a number of pressures and, at present, are able to cover these pressures without requiring a further financial recovery plan. This will be closely monitored throughout the year in the event that the cost containing measures and savings programmes are not delivering a balanced budget position.

The financial pressures being reported by the IJB's are not unique to NHS GGC and are being experienced nationally due to the high level of volatility of demand and costs across health and social care services. The pressures in prescribing due to increase volumes and pricing costs is a contributory factor and adversely effecting forecast outturns. The overall position is mitigated significantly by the use of reserves and will be kept under close review.

The current situation is shown below in summary format.

	East Dunbartonshire	East Renfrewshire	Glasgow	Inverclyde	Renfrewshire	West Dunbartonshire	Total
	£m	£m	£m	£m	£m	£m	£m
Health	0.4	(1.2)	(20.8)	(0.7)	(0.9)	(0.5)	(23.7)
Social Care	(0.9)	(1.8)	(8.4)	(0.0)	(4.0)	(1.8)	(16.9)
<b>Total Gap</b>	<b>(0.5)</b>	<b>(3.0)</b>	<b>(29.2)</b>	<b>(0.8)</b>	<b>(4.8)</b>	<b>(2.3)</b>	<b>(40.6)</b>
Reserves/ Cost Containment/Savings/ Recovery Plans	0.5	3.0	29.2	0.8	4.8	2.3	40.6
<b>Remaining Gap</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

# IJB Reserves

Detailed below is the current forecast reserves position for the 31<sup>st</sup> of March 2024 showing the movement from the prior year. £41.6m is the projected movement in year (excluding Glasgow).

IJB	SG earmarked Reserves	Other Earmarked Reserves	Total Earmarked	General	Total forecasted position at 31.03.24	31.03.23	Movement	Reserves position as at
	£m	£m	£m	£m	£m	£m	£m	
East Renfrewshire	0.5	0.2	0.8	0.0	0.8	6.0	(5.3)	31st August 2023
East Dunbartonshire	6.2	7.1	13.4	3.9	17.2	20.1	(2.8)	30th September 2023
*Glasgow	16.1	39.3	55.5	26.9	82.4	82.4	0.0	31st March 2023
Inverclyde	1.6	14.0	15.6	0.7	16.3	24.3	(8.0)	31st August 2023
Renfrewshire	4.8	6.9	11.7	4.1	15.8	33.6	(17.9)	30th September 2023
West Dunbartonshire	6.7	7.9	14.6	4.0	18.6	26.2	(7.6)	30th September 2023
<b>Total</b>	<b>36.0</b>	<b>75.4</b>	<b>111.4</b>	<b>39.6</b>	<b>151.0</b>	<b>192.6</b>	<b>(41.6)</b>	
<b>2022/23</b>	<b>43.2</b>	<b>105.3</b>	<b>148.5</b>	<b>44.0</b>	<b>192.6</b>			
<b>Movement</b>	<b>(7.2)</b>	<b>(29.9)</b>	<b>(37.1)</b>	<b>(4.4)</b>	<b>(41.6)</b>			

\*Glasgow IJB do not report reserves positions until year end however this is currently under review with a view to reporting in future updates.

Further detail in relation to the other earmarked reserves can be seen on the next slide which is where £20.7m of the £41.6m movement is. There is significant movement on the reserves position for East Renfrewshire with only £0.8m of reserves being left at year end and these are earmarked reserves with general reserves being fully utilised to deal with pressures in year.



# IJB Other Earmarked Reserves

Detailed below is the current forecast position for other earmarked reserves for the IJBs. Further movement is expected on the balances as we progress through the financial year. Work is ongoing with Glasgow to incorporate this for future reports.

	Forecast year end position as at						
	30th September 2023	30th September 2023	31st March 2023	31st August 2023	30th September 2023	30th September 2023	
	East Renfrewshire	East Dunbartonshire	*Glasgow	Inverclyde	Renfrewshire	West Dunbartonshire	Total 31st March 2024
	£m	£m	£m	£m	£m	£m	£m
Service Redesign and Transformation	0.0	1.0	7.7	2.4		0.6	11.8
Unscheduled Care Services						0.4	0.4
Covid-19 HSCP funded						0.4	0.4
Unachievement of Savings						0.7	0.7
Health Care	0.0			0.4		2.9	3.2
Children's & Families	0.0	0.1					0.1
Adult services	0.1	0.0					0.1
Prescribing	0.0	0.5		1.1	0.0	0.0	1.6
HSCP Funded PCIP Commitments					0.1		0.1
Social Care						2.1	2.1
Infrastructure and Premises	0.1	3.5	26.0	3.8	3.5		36.8
Digital and IT		0.5		0.2	0.2	0.2	1.2
Maximising independence			2.9				2.9
Other		1.5	2.7	6.0	3.0	0.6	13.9
<b>Total Other Earmarked Reserves as at 31st March 2024</b>	<b>0.2</b>	<b>7.1</b>	<b>39.3</b>	<b>14.0</b>	<b>6.9</b>	<b>7.9</b>	<b>75.3</b>
<b>Balance as at 31st March 2023</b>	<b>4.0</b>	<b>8.4</b>	<b>39.3</b>	<b>18.3</b>	<b>13.7</b>	<b>12.3</b>	<b>96.1</b>
<b>Movement</b>	<b>(3.8)</b>	<b>(1.3)</b>	<b>0.0</b>	<b>(4.4)</b>	<b>(6.8)</b>	<b>(4.5)</b>	<b>(20.7)</b>

\*Glasgow do not report updated reserve position until year end

# Conclusion

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## **2023/24 Month 7**

At 31<sup>st</sup> October 2023 the Board's financial ledger highlights an overspend of £37.91m attributed to unachieved savings of £31.41m and a pay and non-pay overspend of £6.5m. Acute is overspent by £20.09m and Corporate areas are underspent by £13.32m. Partnerships has a pay and non pay underspend of £0.26m

In terms of Sustainability and Value, £29.7m has been achieved on a recurring basis. On an in year basis (recurring and non-recurring) £131.2m has been achieved which is behind the trajectory as to where we need to be after the first 7 months of the year. As at month 7 there are forecast savings of £52.0m (69%) against the £75m target. The value of savings needs to improve over the coming months with all sectors and directorates tasked with identifying 50% of their savings target as a minimum.

Total capital expenditure incurred to 31<sup>st</sup> October 2023 is £45.2m. This amounts to 46% of the plan (of £98.7m) leaving a balance of £53.5m to be incurred by 31st March 2024. At month 7, 78% of the total capital allocation has firm orders or incurred spend and this will be kept under close review over the next few months. There is £1.6m of the plan still available to be allocated against capital projects and this will be progressed through usual governance routes.

The Boards financial projection has reduced from the Finance Plan deficit of £71.1m which was approved by the Board on the 25th of April 2023 to a deficit of **£38.2m** at the year-end.

In summary, Members are asked to ;

- i) Note the revenue position at Month 7
- ii) Note the Month 7 position for Sustainability and Value and progress for 23/24
- iii) Note the capital position at Month 7; and
- iv) Note the 2023/24 position