

NHS Greater Glasgow and Clyde	Paper No. 25/13
Meeting:	NHSGGC Board Meeting
Meeting Date:	25 February 2025
Title:	Finance Report
Sponsoring Director:	Colin Neil, Director of Finance
Report Author:	Fiona McEwan, Assistant Director of Finance-Financial Planning & Performance

1. Purpose

The purpose of this report is to: The purpose of this report is to provide the Board with the monthly finance position as at 31st December 2024, including the position of the Sustainability and Value and Capital Programme for 2024/25

The format of the report covers;

- i) The Month 9 Revenue position (pages 3-4)
- ii) The Month 9 Sustainability and Value position for 24/25 (pages 5-8)
- iii) The Month 9 Capital position (pages 9-12)
- iv) 2024/25 year-end position (pages 13-14)
- v) Draft 2025/26 position (pages 15-16)
- vi) Conclusion (pages 17-18)

2. Executive Summary

The paper can be summarised as follows:

Month 9 Position 2024/25

At the 31st December 2024 NHSGGC's financial ledger highlights an overspend of £25.86m of which £32.37m is attributed to unachieved savings being offset by a pay and non-pay underspend of £6.51m. Acute is however overspent by £24.9m in pay and non-pay and Corporate areas are underspent by £29.12m for pay and non-pay, housing all current flexibility available. Partnerships has a pay and non-pay underspend of £2.28m, following the significant utilisation of reserves.

BOARD OFFICIAL

An improvement in the run rate can be seen again in Month 9 when compared to last month, particularly around the nursing pays position which is further sustained in the monthly results.

Sustainability and Value

In terms of Sustainability and Value, £48.6m has been achieved on a full year recurring basis. On an in-year basis (recurring and non-recurring) £181.2m has been achieved. As at month 9 there are forecast pipeline savings, excluding high risk projects, of £183.9m against the £226.9m challenge, with £55.6m identified on a recurring basis against the £128.6m target. The pace of both delivery and identification of savings will have to increase over the final two months to allow targets to be achieved.

Capital Expenditure

Total capital expenditure incurred to 31st December 2024 is £29.8m, this amounts to 45% of the current capital budget (of £66.5m) leaving a balance of £36.8m to be incurred to the 31st of March 2025. At month 9, £50.5m (76%) of the total capital allocation has firm orders or incurred spend which is in line with expectations. All of the capital budget has been allocated in full at month 9.

Funding for the radionuclide project of £5m was agreed with Scottish Government for 2024/25 which has allowed CMT to prioritise further spend, with the requirement that this takes place by 31st March 2025.

2024/25 Year End Position

The overall financial challenge for the Board in this financial year is £226.9m. This is based on a recurring deficit carried forward from 2023/24 of £138.9m. The Financial Plan requires recurring savings of £128.6m and non-recurring savings relief of £50.0m to derive the deficit outlined in the approved finance plan of £48.3m.

The forecast has been reviewed and based on the month 9 position the forecast deficit has been reduced to **£28.8m** from the original finance plan of £48.3m. This is mainly attributable to an improvement in the run rate, receipt of a historical VAT reclaim, reduction in CNORIS charges and additional funding received for Service Level Agreements. This level of deficit now brings NHSGGC within 1% of the baseline allocation. Work continues to review all opportunities to improve the year-end forecast position and to reduce the deficit further.

Collective focus is ongoing to reduce the £28.8m deficit further and achieve the savings required to migrate to year-end balance, with continued emphasis on reducing pressures and costs in order to improve the overall position.

Since the construction of the month 9 position further opportunity is likely within the non-recurring funding made available by Scottish Government for reduced working week and review of band 5 to 6, which is anticipated to assist in migrating to a break-even position for 2024/25. The detail of this is under close review and will evolve in the coming months.

2025/26 Draft Financial Plan

An initial draft of the Financial Plan for 2025/26 has been submitted to Scottish Government showing a financial challenge of £210.2m. The plan highlights targeted recurring savings of £93.7m and non-recurring savings of £69m are required to derive the forecast deficit of **£47.5m**. This was approved at FP&P in February acknowledging that further development would be undertaken prior to completing a final plan in March 2025.

Further work is ongoing to develop the final financial plan to support our sustainability and value programme, focus on productivity and efficiency and align to our Annual Delivery Plan.

Our Annual Delivery Plan for 2025/26 will be aligned to a clear set of actions we will require to take to further improve the services we provide for our patients and deliver on the key priorities for Health and Social Care Reform as set out in January 2025 by Scottish Government. In doing so will look to harness the opportunities of the NHS Scotland Reform programme and work with Scottish Government on the strategy and investment profile required.

3. Recommendations

The Board is asked to consider the following recommendations:

- i) Note the Month 9 revenue position
- ii) Note the Month 9 position for Sustainability and Value and progress for 24/25
- iii) Note the capital position at Month 9
- iv) Note the 2024/25 position; and
- v) Note the Draft 2025/26 position.

4. Response Required

This paper is presented for assurance.

5. Impact Assessment

The impact of this paper on NHSGGC's corporate aims, approach to equality and diversity and environmental impact are assessed as follows:

- | | |
|------------------------|------------------------|
| • Better Health | <u>Positive</u> impact |
| • Better Care | <u>Positive</u> impact |
| • Better Value | <u>Positive</u> impact |
| • Better Workplace | <u>Positive</u> impact |
| • Equality & Diversity | <u>Positive</u> impact |
| • Environment | <u>Positive</u> impact |

6. Engagement & Communications

The issues addressed in this paper were subject to the following engagement and communications activity:

BOARD OFFICIAL

This report has been previously presented and scrutinised by the Corporate Management Team and the Finance, Planning and Performance Committee.

7. Governance Route

This paper has been previously considered by the following groups as part of its development: As above.

8. Date Prepared & Issued

Prepared: 12 February 2025

Issued: 17 February 2025

NHSGGC- Month 9 Finance Report

Board Meeting

February 2025



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 Programmes for 2024/25

The format of the report covers;

- i) The Month 9 Revenue position (pages 3-4)
- ii) The Month 9 Sustainability and Value position for 24/25 (pages 5-8)
- iii) The Month 9 Capital position (pages 9-12)
- iv) 2024/25 year-end position (pages 13-14)
- v) Draft 2025/26 position (pages 15-16)
- vi) Conclusion (pages 17-18)

Members are asked to :

- i) Note the Month 9 revenue position
- ii) Note the Month 9 position for Sustainability and Value and progress for 24/25
- iii) Note the capital position at Month 9
- iv) Note the 2024/25 position; and
- v) Note the Draft 2025/26 position.

Month 9 Revenue Position

Month 9 - Overall Position

Financial Performance – Month 9

This section of the report provides analysis of the financial position as at 31st December 2024.

Area	Annual Budget	Pays, Non Pays Position	Unachieved Savings	Final Reported Position	% of Annual Budget
	£m	£m	£m	£m	%
Acute	1,996.09	(24.90)	(36.23)	(61.13)	(3.1%)
Partnerships	1,691.72	2.28	(2.28)	0.00	0.0%
Corporate Departments	718.68	29.12	6.15	35.27	4.9%
Financial Position at 31st December 2024	4,406.49	6.51	(32.37)	(25.86)	(0.6%)

As outlined above, the Board recorded a deficit of £25.86m at 31st December 2024. (Month 8 reported a deficit of £37.24m this was against an annual budget of c£4.4 billion).

The deficit is made up of the following:-

- An overall pay and non-pay underspend of £6.51m. Acute is however overspent by £24.90m across pay and non-pay with this being offset by an underspend of £29.12m in Corporate areas, which house current flexibility available. Partnerships has a pay and non-pay underspend of £2.28m, following utilisation of reserves.
- Unachieved savings at month 9 amount to £32.37m.

Sustainability and Value

Sustainability and Value Programme

Month 9 Position

The position as of Month 9, shows that on an in-year basis (Recurring and non-recurring) £181.2m / 79.9% has been achieved against the overall financial challenge of £226.9m. Month 9 also shows £48.6m / 37.8% has been achieved on a recurring basis against the target of £128.6m. This shows growth of £0.8m on an in-year basis and £2.2m on a recurring basis compared to Month 8.

The table shows the areas of savings achieved as of Month 9

Month 9 Position

Area	CYE Target £m	CYE £m	CYE Gap £m	FYE Target £m	FYE £m	FYE Gap £m
Acute	69.2	20.8	(48.4)	69.2	10.6	(58.6)
Corporate	25.3	18.3	(7.0)	25.3	9.0	(16.3)
	94.5	39.1	(55.4)	94.5	19.6	(74.9)
Financial Plan	132.4	142.1	9.7	34.1	28.9	(5.1)
Total	226.9	181.2	(45.7)	128.6	48.6	(80.0)
% achieved		79.9%			37.8%	

The largest amount of savings achieved can be seen from the Financial plan and this is predominantly due to non-recurring underspends, relief and carry forward of the consequential income from 2023/24. Of the above figures the sectors and directorates have delivered £19.6m on a FYE and £39.1m on a CYE.

Sustainability and Value Programme

2024/25 Forecast Position

The table below shows the value of all known projects on the ledger. To date we have initial plans for £185.4m on an in-year basis (Recurring and non-recurring), of which £1.5m is high risk, giving a forecast of £183.9m/ 81% against the overall financial challenge of £226.9m. £55.6m/43% has been identified on a recurring basis against the £128.6m target, given £4.3m is identified as high risk.

This is based on delivery of the current pipeline of projects, excluding high risk, and further illustrates the need for growth in our plans given this forecast assumes no overspends across the organisation and that all pressures are mitigated.

Month 9 Forecast

Area	CYE Target £m	CYE £m	CYE Gap £m	FYE Target £m	FYE £m	FYE Gap £m
Acute	69.2	24.0	(45.2)	69.2	18.8	(50.4)
Corporate	25.3	19.2	(6.1)	25.3	12.2	(13.1)
	94.5	43.2	(51.3)	94.5	31.0	(63.5)
Financial Plan	132.4	142.1	9.7	34.1	28.9	(5.1)
Total	226.9	185.4	(41.5)	128.6	59.9	(68.7)
High Risk Projects		(1.5)	(1.5)		(4.3)	(4.3)
	226.9	183.9	(43.0)	128.6	55.6	(73.0)
% achieved		81.0%			43.2%	

The SRO lead workstreams have identified further savings opportunities such as physical infrastructure, workforce, non pay, digital, service reviews and efficiency and productivity, have identified further savings opportunities of £6.9m CYE and £18.0m FYE. Given the remaining timeline of the financial year, there is a high risk that not all for the schemes will deliver in the current year, however it remains important that delivery is achieved, and any phasing required is also reflected into 2025/26 plans.

Sustainability and Value Programme

S&V Summary

It should be noted that as of Month 9 we have not identified a level of plans to fully address the financial challenge.

Work continues to address the known high-risk areas of the plan and to identify further projects that can add additional value to the pipeline. We need to find a pathway to balance and within this achieve a minimum of **£55.6m** recurring savings. The final outturn will impact on our financial plan for 2025/26 and associated savings targets. The current draft finance plan is assuming the £55.6m as noted above will be achieved.

Planning for 2025/26 has commenced and reflects our current performance, it is anticipated that savings of a similar magnitude will be required for the coming year. The approach that the Board is taking to S&V is being maintained based on 2024/25 and will be reviewed further in the construction of further plans and links to the national Reform agenda.

Capital Position



Capital Position

Capital Expenditure – December 2024

- Total Gross Capital Expenditure to date : £29.8m (45% of plan)
- Annual Capital Budget at 31/12/24 : £66.5m
- Balance of Budgeted Cap. Ex. to be incurred : £36.8m
- Total Expenditure Committed : £50.5m (76%)
- Uncommitted Budget : £16.0m (24%)

* Committed [Expenditure incurred + Orders placed]

Total gross capital expenditure incurred to 31st December 2024 is £29.8m amounting to 45% of the annual plan (of £66.5m). This leaves a balance of £36.8m of expenditure to be incurred by 31st March 2025.

£50.5m of the planned expenditure has been committed to date (Goods or services ordered or received) leaving an uncommitted budget balance of £16.0m. The annual capital budget has been allocated in full.

The total capital budget has decreased from £66.7m in month 8 to £66.5m in month 9 mainly due to an additional funding for Endoscopes and Orthopaedic Hub expansion equipment offset by a reduction relative to reprofiling of national programmes.

Funding for the radionuclide project of £5m was agreed with Scottish Government for 2024/25 which has allowed CMT to prioritise further spend, with the requirement that this takes place by 31st March 2025.

Capital Position

Capital Expenditure – to 31st December 2024 : £29.8m

Main areas of Expenditure as below:

- £4.8m : New build : Glasgow North East Health & Social Care Centre.
- £2.5m : New build : Bishopton Health Centre

- £8.9m of expenditure has been incurred on hospital site based schemes as below.
 - QEUH : Phase 3 : Waste hold doors replacement programme
 - QEUH : Completion of Children's Roof Terrace
 - QEUH : Rectifications: Atrium, Manifold & Other works
 - GRI : Completion of Theatre C upgrade
 - Gartnavel : Radionuclide Dispensary relocation

- £0.6m : eHealth
- £3.7m : Medical Equipment
- £0.4m : PCIP Works to Glasgow Health Centres
- £1.7m : Minor Works & Energy Schemes
- £6.1m : Radiotherapy Equipment Replacement Programme
- £0.2m : Ligature risk reduction works
- £0.4m : Clyde TSSU Air Handling Units
- £0.2m : GP Loans
- £0.3m : Other

Capital Position

Proposed Capital Disposals

Forecast Sales : (NBV provides Capital Funding)

Asset	Est Year	Est Receipt	NBV
Well progressed			
Dykebar Land	2024/25	£13.6m	£0.71m
Early stages			
Netherton Clinic	2025/26	£tbc	£0.32m
Future Years			
Lennox Castle Land Phase 2		£ 2.00m	£0.35m
Cathcart Centre Greenock		£ 0.25m	£0.25m
Dumbarton Cottage Hospital		£ 0.03m	£0.03m
Lennox Castle Phases 3 & 4		Not available	£1.55m
Stoneyetts Phase 2		Not available	£ -
Yorkhill : Queen Mother's Hospital		Not available	£0.23m
Yorkhill : RHC		Not available	£2.58m

*NBV net of Revaluation Reserve

2024/25 Position

2024/25 Position

The 3-year financial plan was approved by the Board on the 30th of April 2024. The financial plan highlighted a deficit of £48.3m. The overall financial challenge for NHSGGC in this financial year is £226.9m. This is based on a recurring deficit carried forward from 2023/24 of £138.9m. The assumption was that recurring savings of £128.6m will be achieved in 2024/25 and there will be non-recurring relief of £50.0m available which would result in the deficit of £48.3m.

The forecast has been reviewed and based on the month 9 position the forecast deficit has been reduced to **£28.8m** from £48.3m, as can be seen in the table below. This is mainly attributable to an improvement in the run rate, receipt of a historical VAT reclaim, reduction in CNORIS charges and additional funding received for Service Level Agreements. This level of deficit now brings NHSGGC within 1% of the baseline allocation.

Since the construction of the month 9 position further opportunity is likely within the non-recurring funding made available by Scottish Government for reduced working week and review of band 5 to 6, which is anticipated to assist in migrating to a break-even position for 2024/25. The detail of this is under close review and will evolve in the coming months.

Board Finance Plan	Fin Plan April 24	Month 7	Month 8	Month 9	Movement Fin Plan v Month 9
	£m's	£m's	£m's	£m's	£m's
Core (Deficit)/ Surplus	(48.3)	(43.0)	(39.0)	(28.8)	(19.5)
Total Deficit	(48.3)	(43.0)	(39.0)	(28.8)	(19.5)

The IJB's all have approved financial plans showing a break-even position, however are facing a number of pressures and high value of savings plans. Five of the 6 IJB's currently references a year end break-even position, although two are in financial recovery. East Renfrewshire are also in financial recovery however current pressures are likely to impact on the ability to break-even at the year end, as was the case in the last financial year. Regular meetings are in place to monitor and review corrective actions and impact on any potential year-end adverse variance being forecast.

2025/26

2025/26 Financial Plan

The draft financial plan was approved by FP&P on the 11th of February, noting it is work in progress subject to further development. This was submitted to Scottish Government on the 27th of January 2025 to allow initial consolidations across NHS Scotland. The plan highlights an overall financial challenge of **£210.2m** as can be seen in the summary below.

	2025/26	2026/27	2027/28
	£m	£m	£m
Recurring Deficit c/fwd	(162.8)	(109.4)	(56.0)
Recurring Cost Pressures in year	(40.3)	(40.3)	(42.5)
Recurring Challenge	(203.1)	(149.7)	(98.5)
Non Recurring pressures	(7.1)	(2.9)	(2.2)
Overall Financial Challenge	(210.2)	(152.6)	(100.7)
Recurring Savings Target	93.7	93.7	93.7
Non Recurring Savings	69.0	15.0	5.0
Forecast Deficit	(47.5)	(43.9)	(2.0)

The plan highlights targeted recurring savings of £93.7m (c3% of RRL) and non-recurring savings of £69m are required to derive the forecast deficit of **£47.5m**. Further work is ongoing to develop the final financial plan to support our sustainability and value programme, focus on productivity and efficiency and align to our Annual Delivery Plan.

Our Annual Delivery Plan for 2025/26 will be aligned to a clear set of actions we will require to take to further improve the services we provide for our patients and deliver on the key priorities for Health and Social Care Reform as set out in January 2025 by Scottish Government. In doing so will look to harness the opportunities of the NHS Scotland Reform programme and work with Scottish Government on the strategy and investment profile required.

Plans are under construction to align to the Reform agenda regarding improving access to treatment, shifting the balance of care, improving access to health and social care services through digital and technological innovation and improving prevention.

It should be noted that Scottish Government has indicated the requirement that a 3% recurring savings is achieved across the Board and on the Health element of the IJB's. IJB's budgets are currently under construction and an update will be provided in due course.

Conclusion

Conclusion

At the 31st December 2024 NHSGGC's financial ledger highlights an overspend of £25.86m of which £32.37m is attributed to unachieved savings and a pay and non-pay underspend of £6.51m. Acute is overspent by £24.9m and Corporate areas are underspent by £29.12m for pay and non-pay. Partnerships has a pay and non pay underspend of £2.28m.

NHSGGC is still facing a number of pressures at Month 9 , however due to an improvement in run rate and additional funding the deficit has now been reduced to **£28.8m**. Work continues to reduce these pressures going forward to ensure the forecast deficit of £28.8m is improved upon.

In terms of Sustainability and Value, £48.6m has been achieved on a full year recurring basis. On an in-year basis (recurring and non-recurring) £181.2m has been achieved. As at month 9 there are forecast pipeline savings, excluding high risk projects, of £185.4m against the £226.9m challenge, with £55.6m identified on a recurring basis against the £128.6m target. The pace of both delivery and identification of savings will have to increase over the final quarter to allow targets to be achieved.

Total capital expenditure incurred to 31st December 2024 is £29.8m, this amounts to 45% of the capital budget (of £66.5m) leaving a balance of £36.8m to be incurred to the 31st of March 2025. At month 9, £50.5m (76%) of the total capital allocation has firm orders or incurred spend which is in line with expectations. All of the capital budget has been allocated in full at month 9.

An initial draft of the Financial Plan for 2025/26 has been submitted to SG showing a financial challenge of £210.2m

In summary, Members are asked to :

- i) Note the revenue position at month 9
- ii) Note the Month 9 position for Sustainability and Value and progress for 24/25
- iii) Note the capital position at Month 9
- iv) Note the 2024/25 position ; and
- v) Note the Draft 2025/26 position.