

NHS Greater Glasgow and Clyde	Paper No. 24/17
Meeting:	NHSGGC Board Meeting
Meeting Date:	27 February 2024
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, 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 9 revenue position (pages 4-5)
- iii) The Month 9 Sustainability and Value position and progress for 23/24 (pages 6-8)
- iv) The Month 9 capital position (pages 9-12)
- v) 2023/24 Forecast (pages 13-16)
- vi) 2024/25 Budget/ Financial Plan (pages 17-20)
- vii) Conclusion (pages 21-22)

2. Executive Summary

The paper can be summarised as follows:

Month 9 Position

At 31st December 2023 the Board's financial ledger highlights an overspend of £27.62m attributed to unachieved savings of £30.49m and a pay and non-pay underspend of £2.87m. Acute is overspent by £26.03m and Corporate areas are underspent by £28.65m for pay and non-pay. Partnerships has a pay and non-pay underspend of £0.25m, albeit it should be recognised that utilisation of reserves is required to achieve this position.

Sustainability and Value

In terms of Sustainability and Value, £32.2m (16.86%) has been achieved on a recurring basis as at Month 9. On an in year basis (recurring and non-recurring) £151.8m (79.6%) has been achieved which is behind the trajectory as to where we need to be after the first nine months of the year. As at month 9 there are forecast savings of £52m (70%) against the £75m target and £163.7m (86%) against the full £190.9m.

Capital Expenditure

Total capital expenditure incurred to 31st December 2023 is £62.0m. This amounts to 63% of the plan (of £98.8m) leaving a balance of £36.8m to be incurred by 31st March 2024. At month 9, 85% 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 £0.3m of the plan still available to be allocated against capital projects and this will be progressed through usual governance routes.

2023/24 Forecast

The Boards financial position projection has reduced from a deficit of £71.1m which was approved by the Board on the 25th of April 2023 to a deficit of **£25.6m**. This is a reduction of £45.5m which predominantly is a result of additional sustainability funding, new medicines and legal fees funding received from Scottish Government, Corporate underspends and a PFI adjustment, offset by current levels of pressures. This position is also based on a break-even outturn across all IJBs, which will require close review to the financial year end.

Since the completion of month 9 further work has been undertaken and it is projected that the Board will achieve financial balance in 2023/24 mainly as a result of additional allocations from Scottish Government.

2024/25 Financial Plan

The draft financial plan for 2024/25 is currently being worked on and remains work in progress. Draft figures at the moment show a financial challenge against a Board budget of c£4.2 billion of around £230m-£240m, c5.7% of overall budget, this is prior to any recurring or non-recurring savings being factored into the position. The full financial plan will come to the Board in April for approval.

3. Recommendations

The Board is asked to consider the following recommendations:

- i) Note the revenue position at Month 9
- ii) Note the Month 9 position for Sustainability and Value and progress for 23/24
- iii) Note the capital position at Month 9
- iv) Note the 2023/24 forecast position ; and
- v) Note the 2024/25 Budget Implications.

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** **Positive impact**
- **Better Care** **Positive impact**
- **Better Value** **Positive impact**
- **Better Workplace** **Positive impact**
- **Equality & Diversity** **Positive impact**
- **Environment** **Positive impact**

6. Engagement & Communications

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

This report has been previously presented and scrutinised by the Corporate Management Team and the Finance, Planning & 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 on 15 February 2024
Issued on 20 February 2024

NHSGGC- Month 9 Finance Report
Board Meeting
February 2024 (Paper 24/17)



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 2023/24

The format of the report covers;

- i) Executive Summary (page 3)
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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 23/24
- iii) Note the capital position at Month 9
- iv) Note the 2023/24 projection; and
- v) Note the 2024/25 budget implications.

Executive Summary

2023/24 Current Position

At 31st December 2023 the Board's financial ledger highlights an overspend of £27.62m.

- The deficit is made up of the following:-
 - Pay and non-pay underspend of £2.87m. Acute is overspent by £26.03m and Corporate areas are underspent by £28.65m. Partnerships has a pay and non pay underspend of £0.25m, albeit this follows the use of reserves to mitigate current pressures.
 - Unachieved savings at month 9 amount to £30.49m.

2024/25

The financial plan for 2024/25 is currently being worked on and is subject to change. Initial figures show a financial challenge of around £230m-£240m, circa 5.7% of total budget, this is prior to any recurring and non recurring savings being factored in. The financial plan will come the Board in April for approval.

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 2023.

Area	Pays, Non Pays Position	Unachieved Savings	Final reported Position
	£m	£m	£m
Acute	(26.03)	(26.65)	(52.68)
Partnerships	0.25	(0.25)	(0.00)
Corporate Departments	28.65	(3.59)	25.07
Financial Position at 31st December 2023	2.87	(30.49)	(27.62)

As outlined above, the Board recorded a deficit of £27.62m as at 31st December 2023. (Month 8 reported £33.34m)

The deficit is made up of the following:-

- Pay and non-pay underspend of £2.87m. Acute is overspent by £26.03m and Corporate areas are underspent by £28.65m. Partnerships has a pay and non pay underspend of £0.25m, following the significant utilisation of reserves.
- Unachieved savings at month 9 amount to £30.49m.

Sustainability and Value

Sustainability and Value Programme

The Sustainability and Value Programme (SVP) – Month 9



The overall financial position as of Month 9 shows achievement of £32.2m/16.86% on a recurring basis and £151.8m/79.6% on an in year basis achieved against the overall target of £190.9m.

Improvements of £1.9m on a recurring basis and £4.1m on an in year basis were achieved in Month 9. Full delivery of current plans and growth in the pipeline of savings in the remaining months is required if all our financial objectives are to be achieved.

Forecast Position

The Month 9 forecast position remains at £52m, 70% on a recurring basis, this reflects the levels of risk within the pipeline and the ability to mitigate these within the remaining 3 months of the year.

There are both project and organisational level risks of £3.9m that will need to be managed and mitigated to ensure this level of achievement. Work is ongoing with each area to mitigate these risks and if possible identify alternative savings projects.

The in-year forecast is £163.7m of the £190.9m financial challenge, which represents 86% of the target to date, again this is still dependent on full delivery of all remaining declared projects.

Table 3: Month 9 Forecast position:

Area of Delivery	CYE Delivered or forecast (£m)	FYE Delivered or forecast (£m)
Confirmed as at Month 9	42.5	27.5
Additional savings (Pipeline of projects)	9.1	9.1
S&V Forecast (£75m)	51.6	36.6
Central Balance/ Financial plan adjustment (against £115.9m)	112.1	15.6
Overall Month 9 Forecast (£190.9m)	163.7	52.2
	86% of £190.9m	70% of £75m

Sustainability and Value Programme

The Sustainability and Value Programme (SVP) – Summary

The Month 9 savings pipeline remains broadly static on a recurring basis, with some improvement in the in year forecast position. However the forecast year end position remains significantly short of the 2023/24 targeted recurring savings of £75m by £23m. It is imperative that the £52m forecasted recurring savings are achieved as a minimum in year to ensure that the recurring deficit is not higher than what is being forecasted in the draft financial plan for 2024/25.

The S&V Board has continued to undertake detailed reviews of performance and savings growth and is developing a range of measures to mitigate both the at risk projects and the wider shortfalls in our plans.

As a result of our current position a number of Board wide actions have been undertaken to control and minimise discretionary expenditure in the remaining months of the year. The Sustainability & Value Board will continue to monitor these actions to secure the financial position and maximise the levels of savings achieved.

Capital Position



Capital Position

Capital Expenditure - Month 9 - December 2023

Total Gross Capital Expenditure to date	: £62.0m (63% of plan)
Annual Capital Budget at 31/12/23	: £98.8m
Balance of Budgeted Cap. Ex. to be incurred	: £36.8m
Total Expenditure Committed	: £84.2m (85%)
Uncommitted Budget	: £14.6m (15%)

**Committed [Expenditure incurred + Orders placed]*

**Uncommitted – The majority of this value has been formally allocated however timing for this is in future periods to place orders.*

Total gross capital expenditure incurred to 31st December 2023 is £62m amounting to 63% of the annual plan (of £98.8m). This leaves a balance of £36.8m of expenditure to be incurred by 31st March 2024.

£84.2m of the planned expenditure has now been committed to date (Goods or services ordered or received) leaving an uncommitted budget balance of £14.6m.

£0.3m of budget remains available to be allocated to capital projects in 2023/24.

The annual capital budget has decreased from £99.8m last month to £98.8m as at the 31st December. This is mainly due to reprofiling of the QEUH rectification works and the Dykebar land sale.

The 2023/24 forecast Capital Resource Limited as at 31st December 2023 is £93.4m a decrease of £0.7m on last month.

Capital Position

Capital Expenditure – to 31st December 2023 : £62m

Main areas of Expenditure as below:

- £ 30.9m : Glasgow North East Health & Social Care Centre.
- £ 0.1m : Bishopton Heath Centre (New Build)

- £ 13.4m of expenditure has been incurred on hospital site based schemes.
 - QEUH : Waste hold doors replacement programme
 - QEUH : Rectifications: Atrium, Chilled Water, Fire Safety, Ext Glazing, Manifold
 - QEUH : Cardiology Physiotherapy Room Upgrade
 - QEUH : Children’s Roof Garden Remediation
 - INS : New Thrombectomy Suite
 - INS : Ward 62 Upgrade
 - INS : Development Options Study
 - Gartnavel : Radionuclide Dispensary relocation

- £ 2.2m: Minor Works Schemes
- £ 1.0m : Decarbonisation Grant Energy Schemes
- £ 1.0m: PCIP Works to Glasgow Health Centres
- £ 0.7m: PCIP Works to Renfrewshire Health Centres

Capital Position

Capital Expenditure – to 31st December 2023 : £62m

Main areas of Expenditure as below:

- £ 0.3m William Street Clinic Upgrade Phase II
- £ 7.8m: Medical Equipment Replacement
- £ 1.7m : eHealth
- £ 0.8m: Radiotherapy Equipment Replacement Programme
- £ 0.7m: Facilities : RAH Kitchens Upgrade
- £ 0.2m : Feasibility/Scoping exercises
- £ 0.6m : Switched on Fleets : Electric Vehicle Infrastructure
- £ 0.7m: Corporate : GP Loans Issued

2023/24 Forecast

2023/24 Forecast

The financial plan was approved by the Board on the 25th 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 year end deficit has now been reduced to **£25.6m** as can be seen in the table below. This level of deficit now ensures that we are within 1% of our baseline funding. The £7.2m movement from the month 8 position is as a result of non recurring opportunities coming to fruition.

Board Finance Plan	Fin Plan April 23	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Movement Fin Plan v Month 9
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
Core (Deficit)	(71.1)	(53.3)	(53.3)	(46.4)	(41.9)	(38.2)	(32.8)	(25.6)	(45.5)
Total Deficit	(71.1)	(53.3)	(53.3)	(46.4)	(41.9)	(38.2)	(32.8)	(25.6)	(45.5)

2023/24 continues to be a challenging year, particularly as we are in the winter months, given the number of operational priorities that the board is facing and the underlying financial challenge. Work will continue throughout the final quarter of the year to review this position, reduce current pressures and source further opportunities to mitigate the current level of forecast deficit.

Since the completion of month 9 further work has been undertaken and it is projected that the Board will achieve financial balance in 2023/24 mainly due to additional allocations from Scottish Government.

IJB Year end position

Three of the six IJB's, East Renfrewshire, Glasgow and West Dunbartonshire, were previously noted as progressing local financial recovery plans due to increasing pressures that were not included in the original plans approved by the IJB's. Both Glasgow and West Dunbartonshire still expect to break even at the year end. East Renfrewshire is highlighting a possible overspend at year-end and financial recovery planning is underway, however given the level of overspends, and limited reserves, they are currently forecasting an overspend of £4.6m across health and social care. The IJB is currently working with local authority and health board partners to review all options to mitigate the 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	(0.8)	(2.6)	(18.5)	(0.4)	(1.7)	(0.5)	(24.5)
Social Care	(4.7)	(3.0)	(5.8)	(0.5)	(1.6)	(1.8)	(17.3)
Total Gap	(5.5)	(5.6)	(24.3)	(0.9)	(3.3)	(2.3)	(41.9)
Reserves/ Cost Containment/Savings/ Recovery Plans	5.4	1.0	24.3	0.9	3.3	2.3	37.2
Remaining Gap	(0.0)	(4.6)	0.0	0.0	0.0	0.0	(4.6)

IJB Reserves

Detailed below is the current forecast reserves position for the 31st of March 2024 showing the movement from the prior year. The forecast year-end reserves balance is £83.3m compared to £192.6 in 2022/23 a movement of £109.2m in year.

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)	30th November 2023
East Dunbartonshire	5.3	7.1	12.4	2.2	14.6	20.1	(5.5)	30th November 2023
Glasgow	0.0	14.7	14.7	2.6	17.3	82.4	(65.1)	30th November 2023
Inverclyde	1.3	13.2	14.6	0.2	14.7	24.3	(9.5)	31st October 2023
Renfrewshire	3.9	7.7	11.7	5.7	17.4	33.6	(16.2)	30th November 2023
West Dunbartonshire	6.7	7.9	14.6	4.0	18.6	26.2	(7.6)	30th September 2023
Total	17.8	50.9	68.6	14.7	83.3	192.6	(109.2)	
2022/23	52.4	96.1	148.5	44.0	192.6			
Movement	(34.7)	(45.3)	(79.9)	(29.3)	(109.2)			

Glasgow IJB are now reporting a forecast reserves position which notes a significant movement of £65.1m expected in the year, leaving a balance of £17.3m of which £14.7m is classed as earmarked reserves.

It should be noted that the overall reserves position for East Renfrewshire will only be £0.8m at year end and these are earmarked reserves with general reserves being fully utilised to deal with pressures in year.

2024/25 Budget/ Financial Plan

2024/25 Budget

Scottish Government announced the 2024/25 budget on the 19th of December 2023. Detailed below are the key messages from the budget.

Key Messages

- Boards will receive an increase of 4.3% for 2024/25 (National Boards 3.8%)
 - Relates to 2023/24 pay deals and the baselining of the Sustainability and NRAC funding provided in 2023/24.
 - Actual uplift for NHS GGC is 3.6% as not entitled to NRAC parity funding
- No uplift being provided for supplies / non-pay for 2024/25, hence requirement to mitigate all pressures and inflation.
- AfC pay deal remains subject to agreement for 2024/25, and at this stage it is to be assumed that additional funding will be allocated to support the deal.
- Funding for legacy costs of COVID 19 still to be confirmed
 - Vaccinations, Test & Protect, Elements of PPE, some specific Public Health measures
- Policy Funding
 - SG intend to provide early indication of allocations, with 80% of the value to be provided in the first quarter
- Health & Social Care Integration
 - Net additional funding of £241.5m to support social care and integration
 - Adult & Social Care pay in commissioned services £230m
 - Inflation on Free Personal Nursing Care Rates £11.5m
 - Baseline Real Living Wage (£333.5m) and further £52.3m for other commitments including uprating free personal care.

2024/25 Budget

Key Messages continued

Capital

- National core budget of £314m (Reduction of £59m from £373m)
 - Lower than original planning assumptions
- Allows formula capital to be maintained at 2023/24 levels
- All major projects in construction to be completed (Baird & Anchor, Parkhead HC, QEUH Rectification, Golden Jubilee Phase 2) as well as programmes for Ambulance replacement and Radiotherapy equipment.
- No additional funding beyond areas above unless formal agreement in place

New Developments & Capital Planning

- No funding available for development costs for new projects as no new projects anticipated to start construction in the next 2 financial years, at least.
- Understanding that this alters previous commitments and discussions will take place with all affected boards

Small Scale Projects

- Boards should not anticipate additional funding in 2024/25.

2024/25 Financial Plan



The 3 year financial plan is currently being worked on and is subject to change.

The full financial plan will come to the Board in April for approval. High level figures at the moment for 2024/25 show a financial challenge of between £230m and £240m which can be seen below. This is on a budget of c£4.2billion :-

	£m	B/fwd recurring deficit from 2023/24	£138.9m
Recurring Deficit in 2023/24	190.9	In Year Recurring Pressures	>£90 m
Forecast recurring savings in 2023/24	52	In Year Non-Recurring Pressures	>£ 8 m
Recurring Deficit carried forward in 2023/24	138.9	Likely challenge in 2024/25 c£230m - £240m (c5.5%-5.7% of overall budget)	
		<i>Albeit further discussions ongoing to finalise some allocations</i>	

The following assumptions are currently being used as part of the 2024/25 baseline calculations, following the Scottish Government Budget Announcement on 19th December 2023:

- **0% baseline uplift**
- 3% for inflation
- Energy 11.5%
- Pay award fully funded (zero % to be included in initial SG Submission)
- 6.5% for rates
- PFI/PPP at current CPI rates
- Reduction in New Medicines Funding
- Prescribing at c£20.5m
- Break even on all pressures
- Break even across IJB's

The level of challenge is such that a 3% savings plan would not be enough to counter the level of in year pressures, therefore there is the need to increase the level of recurring savings to not only mitigate pressures but also to reduce the level of brought forward deficit into future financial years.

Conclusion

Conclusion

2023/24 Month 9

At 31st December 2023 the Board's financial ledger highlights an overspend of £27.62m attributed to unachieved savings of £30.49m and a pay and non-pay underspend of £2.87m. Acute is overspent by £26.03m and Corporate areas are underspent by £28.65m for pay and non-pay. Partnerships has a pay and non pay underspend of £0.25m

In terms of Sustainability and Value, £32.2m has been achieved on a recurring basis. On an in year basis (recurring and non-recurring) £151.8m has been achieved which is behind the trajectory as to where we need to be after the first nine months of the year. As at month 9 there are forecast savings of £52m (70%) 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, on a recurring basis, as a minimum.

Total capital expenditure incurred to 31st December 2023 is £62.0m. This amounts to 63% of the plan (of £98.8m) leaving a balance of £36.8m to be incurred by 31st March 2024. At month 9, 85% 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 £0.3m 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 **£25.6m** at the year-end based on the month 9 outturn. Since this time further work has been undertaken and it is projected that the Board will achieve financial balance in 2023/24.

2024/25

The financial plan for **2024/25** is currently being worked on and is subject to change. Draft figures at the moment show a financial challenge of between £230m-£240m, c5.7% of overall budget, this is prior to any recurring or non recurring savings being factored into the position.

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 23/24
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