

NHS Greater Glasgow and Clyde	Paper No. 24/48
Meeting:	NHSGGC Board Meeting
Meeting Date:	30 April 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 11 revenue position (pages 4-5)
- iii) The Month 11 Sustainability and Value position and progress for 23/24 (pages 6-8)
- iv) The Month 11 capital position (pages 9-12)
- v) 2023/24 Forecast (pages 13-16)
- vi) Conclusion (pages 17-18)

2. Executive Summary

The paper can be summarised as follows:

Month 11 Position

At 29th February 2024 the Board's financial ledger highlights an overspend of £8.36m attributed to unachieved savings of £17.98m and a pay and non-pay underspend of £9.62m. Acute is overspent by £30.52m and Corporate areas are underspent by £39.92m for pay and non-pay. Partnerships has a pay and non-pay underspend of £0.22m, albeit it should be recognised that utilisation of reserves is required to achieve this position.

Sustainability and Value

In terms of Sustainability and Value, £51.5m has been achieved on a recurring basis. On an in year basis (recurring and non-recurring) £171.4m has been achieved for the

first eleven months of the year. As at month 11 there are forecast savings of £52m (69%) against the £75m recurring target and £172.8m (91%) against the full £190.9m.

Capital Expenditure

Total capital expenditure incurred to 29th February 2024 is £79.9m. This amounts to 81% of the plan (of £98.8m) leaving a balance of £18.9m to be incurred by 31st March 2024. At month 11, 97% of the total capital allocation has firm orders or incurred spend and this will be kept under close review over the final month of the year.

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 **break even position**. This reduction is predominantly is a result of UK consequential funding, additional sustainability funding, new medicines, and legal fees funding received from Scottish Government, Corporate underspends, reduction in CNORIS charges and a PFI adjustment, offset by current levels of pressures. This position is also based on a break-even outturn across all IJBs with the exception of East Renfrewshire where a year-end overspend is anticipated and incorporated into the forecast. The position across IJBs will be kept under close review to the financial year end.

3. Recommendations

The Board is asked to consider the following recommendations:

- i) Note the revenue position at Month 11
- ii) Note the Month 11 position for Sustainability and Value and progress for 23/24
- iii) Note the capital position at Month 11; and
- iv) Note the 2023/24 forecast 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 | 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

Date Prepared: 18th April 2024

Date issued: 23 April 2024

NHSGGC- Month 11 Finance Report

Board Meeting

April 2024



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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- vi) Conclusion (pages 17-18)

Members are asked to ;

- i) Note the revenue position at Month 11
- ii) Note the Month 11 position for Sustainability and Value and progress for 23/24
- iii) Note the capital position at Month 11; and
- iv) Note the 2023/24 projection

Executive Summary

2023/24 Current Position

At 29th February 2024 the Board's financial ledger highlights an overspend of £8.36m.

- The deficit is made up of the following:-
 - Pay and non-pay underspend of £9.62m. Acute is overspent by £30.52m and Corporate areas are underspent by £39.92m. Partnerships has a pay and non pay underspend of £0.22m, following significant utilisation of reserves.
 - Unachieved savings at month 11 amount to £17.98m.
- The Sustainability and Value achievement at Month 11 against the £75m recurring target amounts to £51.5m.
- Capital Expenditure is progressing well with £79.9m incurred spend at month 11 and a total order value in place amounting to 97% of the capital allocation of £98.9m.
- The year-end forecast position for the Board for 2023/24 is break-even.

Month 11 Revenue Position

Month 11 - Overall Position

Financial Performance – Month 11

This section of the report provides analysis of the financial position as at 29th February 2024.

Area	Annual Budget	Pays, Non Pays Position	Unachieved Savings	Final reported Position	% of Annual Budget
	£m	£m	£m	£m	%
Acute	1,946.01	(30.52)	(27.45)	(57.97)	(3.0%)
Partnerships	1,649.71	0.22	(0.22)	0.00	0.0%
Corporate Departments	804.56	39.92	9.69	49.61	6.2%
Financial Position at 29th February 2024	4,400.27	9.62	(17.98)	(8.36)	(0.2%)

As outlined above, the Board recorded a deficit of £8.36m at 29th February 2024. (Month 10 reported £17.03m)

The deficit is made up of the following:-

- Pay and non-pay underspend of £9.62m. Acute is overspent by £30.52m and Corporate areas are underspent by £39.92m. Partnerships has a pay and non pay underspend of £0.22m, following significant utilisation of reserves.
- Unachieved savings at month 11 amount to £17.98m.

Sustainability and Value

Sustainability and Value Programme

The Sustainability and Value Programme (SVP) – Month 11

The overall financial position as of Month 11 shows achievement of £51.5m / 27% on a recurring basis and £171.4m / 89.8% on an in-year basis achieved against the overall target of £190.9m.

Improvements of £6.4m on a recurring basis and £2.7m on an in year basis were achieved in when comparing Month 10 to Month 11

Forecast Position

The Month 11 forecast position remains at £52m on a recurring basis, this represents 69% of the £75m target . This figure reflects a full review of all remaining planned projects and the ability of these to deliver savings within the remainder of the year. In order to mitigate the schemes that will not deliver a number of alternative plans have been developed to ensure the recurring savings are maximised, it remains critical that all remaining projects deliver in full by the end of the financial year.

The in-year forecast is £172.8m of the £190.9m financial challenge this represents 91% of the target to date, again this is still dependent on full delivery of all remaining declared projects. As we are forecasting breakeven at year end it is expected that the £190.9m will be fully achieved at month 12 due to underspends being identified and allocations received.

Month 11 Forecast position

Area of Delivery	CYE Delivered or forecast (£m)	FYE Delivered or forecast (£m)
Confirmed pipeline as at Month 11	45.7	25.0
S&V Forecast (£75m)	45.7	25.0
Central Balance/ Financial plan adjustment (against £115.9m)	127.1	27.0
Overall Month 11 Forecast (£190.9m)	172.8	52.0

91% of £190.9m

69% of £75m

Sustainability and Value Programme

The Sustainability and Value Programme (SVP) – Summary



The forecast year end position remains significantly short of the 2023/24 targeted recurring savings by c£23m against the recurring £75m and this will impact on the finance plan moving into 2024/25.

Within the remaining weeks of the year the Board anticipates being able to address the remaining balance of the £190.9m challenge due to receiving additional non- recurring consequential funding from Scottish Government.

The current forecast levels of recurring savings are within the minimum targeted level of £52m, however as stated previously work continues to improve and secure this position.

Capital Position



Capital Position

Capital Expenditure - Month 11 - February 2024

Total Gross Capital Expenditure to date	: £79.9m (81% of plan)
Annual Capital Budget at 29/02/2024	: £98.8m
Balance of Budgeted Cap. Ex. to be incurred	: £18.9m
Total Expenditure Committed	: £95.7m (97%)
Uncommitted Budget	: £3.1m (3%)

**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 29th February 2024 is £79.9m amounting to 81% of the annual plan (of £98.8m). This leaves a balance of £18.9m of expenditure to be incurred by 31st March 2024.

£95.7m of the planned expenditure has now been committed to date (Goods or services ordered or received) leaving an uncommitted budget balance of £3.1m

The annual capital budget has increased from £98.5m last month to £98.8m as at the 29th February 2024. This is mainly due to reprofiling of the North East Hub resulting in a reduction of £1.3m off set by an increase in revenue funding for capital schemes, medical equipment and rectification work.

The 2023/24 forecast Capital Resource Limit as at 29th February 2024 is £92.8m a decrease of £1.1m on last month mainly due to the North East Hub.

Capital Position

Capital Expenditure – to 29th February 2024 : £79.9m

Main areas of Expenditure as below:

- £ 31.3m : Glasgow North East Health & Social Care Centre.
- £ 0.2m : Bishopton Heath Centre (New Build)

- £ 16.4m 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

- £ 6.6m: Minor Works Schemes
- £ 1.5m : Decarbonisation Grant Energy Schemes
- £ 1.2m: PCIP Works to Glasgow Health Centres
- £ 0.7m: PCIP Works to Renfrewshire Health Centres

Capital Position

Capital Expenditure – to 29th February 2024 : £79.9m

Main areas of Expenditure as below:

- £ 0.3m William Street Clinic Upgrade Phase II
- £12.1m: Medical Equipment Replacement
- £ 3.6m : 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 has continually been reviewed throughout the year with good progress being made to reduce this gap as can be seen in the table below. NHSGGC is forecasting a **break even position** at year end. The impact of the new vacancy approval process and the restriction on discretionary spend has been beneficial in helping NHSGGC reach a break even position along with previous notification from Scottish Government about additional funding from UK consequential (£150m Nationally, NHSGGC Share c£33m) and a reduction in CNORIS charges (£35m Nationally, NHSGGC Share £9.2m).

Board Finance Plan	Fin Plan April 23	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Movement Fin Plan v Month 11
	£m's	£m's	£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)	0.0	0.0	(71.1)
Total Deficit	(71.1)	(53.3)	(53.3)	(46.4)	(41.9)	(38.2)	(32.8)	(25.6)	0.0	0.0	(71.1)

The forecast of £52m recurring savings has still to be achieved and its imperative this figure is reached to ensure we do not have an increased brought forward recurring deficit figure than what is currently included in the draft financial plan for 2024/25. Current forecasts confirm that this will be in place for the month 12 accounts.

IJB Forecast 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 boards. Both Glasgow and West Dunbartonshire still expect to break even at the year end. East Renfrewshire is highlighting an overspend at year-end of £4.7m this is after the impact of the financial recovery planning and utilisation of reserves. 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 and discussions are ongoing about the level of financial support that.

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, however they have had to use a significant level of reserves as can be seen on the next slide.

The financial pressures being reported by the IJB's are not unique to NHSGGC 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.

Forecast	East Dunbartonshire	East Renfrewshire	Glasgow	Inverclyde	Renfrewshire	West Dunbartonshire	Total
	£m	£m	£m	£m	£m	£m	£m
Health	(0.6)	(1.7)	(16.2)	(0.0)	0.0	0.0	(18.5)
Social Care	(3.5)	(3.0)	(5.0)	(0.8)	(0.9)	(1.6)	(14.7)
Total Gap	(4.1)	(4.7)	(21.2)	(0.8)	(0.9)	(1.6)	(33.2)
Reserves/ Cost Containment/Savings/ Recovery Plans	4.1	0.0	21.2	0.8	0.9	1.6	28.5
Remaining Gap	0.0	(4.7)	0.0	0.0	0.0	0.0	(4.7)
Earmarked Reserves	12.8	1.6	36.8	17.5	15.2	15.6	99.5
General Reserves	3.3	0.0	5.7	0.2	6.5	2.4	18.2
Forecasted reserves position as at 31st March 2024	16.0	1.6	42.6	17.7	21.7	18.1	117.7

IJB Reserves

Detailed below is the current forecast reserves position for the 31st of March 2024 showing the movement from the prior year. £74.9m is the projected movement in year. The projected year end reserves balance has improved by £34.4m since it was last reported in Month 9. Earmarked reserves has increased by £30.9m and general reserves by £3.5m.

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	1.1	0.4	1.6	0.0	1.6	6.0	(4.5)	31st January 2024
East Dunbartonshire	5.3	7.4	12.8	3.3	16.0	20.1	(4.1)	31st January 2024
Glasgow	3.3	33.5	36.8	5.7	42.6	82.4	(39.8)	31st January 2024
Inverclyde	2.4	15.1	17.5	0.2	17.7	24.3	(6.6)	31st December 2023
Renfrewshire	4.5	10.7	15.2	6.5	21.7	33.6	(11.9)	31st January 2024
West Dunbartonshire	6.4	9.2	15.6	2.4	18.1	26.2	(8.1)	31st January 2024
Total	23.1	76.4	99.5	18.2	117.7	192.6	(74.9)	
2022/23	52.4	96.1	148.5	44.0	192.6			
Movement	(29.3)	(19.7)	(49.0)	(25.9)	(74.9)			

Conclusion

Conclusion

2023/24 Month 11

At 29th February 2024 the Board's financial ledger highlights an overspend of £8.36m attributed to unachieved savings of £17.98m and a pay and non-pay underspend of £9.62m. Acute is overspent by £30.52m and Corporate areas are underspent by £39.92m for pay and non-pay. Partnerships has a pay and non pay underspend of £0.22m

In terms of Sustainability and Value, £51.5m has been achieved on a full year recurring basis. On an in year basis (recurring and non-recurring) £171.4m has been achieved. As at month 11 there are forecast savings of £52m (69%) against the £75m target. The value of savings needs to improve over the last month of the year to ensure that the remaining savings identified come to fruition and the forecast is met.

Total capital expenditure incurred to 29th February 2024 is £79.9m. This amounts to 81% of the plan (of £98.8m) leaving a balance of £18.9m to be incurred by 31st March 2024. At month 11, 97% of the total capital allocation has firm orders or incurred spend and this will be kept under close review over the final month of the year.

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 **break even position** at the year-end.

In summary, Members are asked to :

- i) Note the revenue position at Month 11
- ii) Note the Month 11 position for Sustainability and Value and progress for 23/24
- iii) Note the capital position at Month 11; and
- iv) Note the 2023/24 forecast position