

NHS Greater Glasgow and Clyde	Paper No. 22/99
Meeting:	Board Meeting
Meeting Date:	20 December 2022
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: provide the Board with the Month 7 financial position, including the position of the Sustainability and Value Programme (SVP) and the capital position. As SVP has been established at a national level it is important that our FIP process has alignment to this and as such the consistency in terminology and work being undertaken through internal review has led to this overarching strapline categorisation.

The format of the report covers;

- i) Executive Summary (page 3)
- ii) Covid-19 Forecast (page 4-5)
- iii) The Month 7 revenue position (pages 6-8)
- iv) The Month 7 Sustainability and Value Programme position and progress for 22/23 (pages 9-10)
- v) The Month 7 capital position (pages 11-13)
- vi) 2022/23 Projection (pages 14-15)
- vii) Conclusion (pages 16-18)

2. Executive Summary

The paper can be summarised as follows:

Month 7 Position

At 31st October 2022 the Board's financial ledger highlights a deficit of £40.26m.

- The deficit is made up of the following:-
- Unachieved savings of £34.97m, £18.57m of which is against the Acute target.

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- Pay and non-pay overspend of £5.30m. Acute is overspent by £6.20m offset by underspends in Corporate of £0.9m.
- £42.4m of expenditure on remobilisation and delivery of services due to COVID-19, funding has been included to cover these costs
- Position includes £44.85m of non-recurring relief

Sustainability and Value Programme (SVP)

The overall savings challenge for the Board in 2022/23 is £174.5m. Of this £53.79m has been allocated out to the Directorates and Sectors leaving the balance of £120.7m sitting centrally as agreed in the August 2022 Finance Plan.

On a current year basis £31.57m has been achieved by the Sectors and Directorates, an increase of £5.52m from month 6, with a further £80.38m through non-recurring relief and other corporate measures. Therefore in total (recurring & non-recurring) £111.95m is expected to be released based on the month 7 position.

On a full year recurring basis £16.66m has been achieved as at Month 7 against the £53.79m target, this is an improvement of £1.12m from Month 6. The forecast FYE position for Month 7 is now £30.29m which is an improvement of £6m on Month 6 and factors in all known projects and associated risks. On an in year basis additional pipeline savings anticipates a total delivery of £121.79m against the £174.5m challenge.

Capital Position

Total capital expenditure incurred to 31st October 2022 is £24.2m. This amounts to 24.6% of the revised plan (of £98.5m) leaving a balance of £74.3m to be incurred by 31st March 2023. At month 7 55% of the total capital allocation has firm orders or incurred spend, therefore showing signs of increased movement. Close scrutiny will remain in this area to ensure spend alignment with forecast and annual allocation.

There is a balance of £5.8m still available to be allocated from the overall capital budget of £98.5m. This element is being prioritised for allocation currently via respective capital groups.

2022/23 – Finance Plan and revised forecast

The table below shows the progress that the Board has made in reducing the forecast deficit. The deficit has reduced from the £78.4m which was approved by the Board on the 23rd of August 2022 to **£30.9m** at month 7. This is a reduction of £47.5m of which £22.9m is as a result of the extensive covid exit planning that has been taking place with a further £24.6m betterment in the forecast core position.

	Revised Fin Plan Aug 22 £m's	Revised Month 5 £m's	Revised Month 6 £m's	Revised Month 7 £m's	Movement Fin Plan v Month 7 £m's
Board Finance Plan					
Core Deficit	52.4	51.5	34.5	27.8	24.6
Covid Deficit	26.0	7.9	3.4	3.1	22.9
Total Deficit	78.4	59.4	37.9	30.9	47.5

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The Covid-19 funding gap is now £3.1m, with £4.8m of reductions from the Month 5 position previously reported to FP&P. The forensic review continues in this area for the remainder of the financial year with a view of reducing the costs down further, in line with financial resources available. Solid progress is being made to achieve this aim.

A number of the actions set out within the recovery plan, submitted to SG last month, have been implemented which has resulted in the £24.6m reduction in the core deficit however further work is essential to reduce this position further.

The month 7 forecasted deficit of £30.9m remains reliant on achieving recurring savings of £50m, therefore it is imperative that all Directorates and Sectors achieve their savings targets.

Focussed effort needs to be maintained to further bridge the £30.9m gap by identifying additional savings both on a recurring and non-recurring basis, as well as reducing our costs and system pressures. We need to ensure that financial controls are adhered to, to maintain spend within budget, mitigate current pressures and ensure all new initiatives are cost neutral or funded from existing budgets with oversight and organisational approval in place.

3. Recommendations

The Board is asked to consider the following recommendations:

- i) Note the revenue position at Month 7
- ii) Note the Month 7 position for Sustainability and Value Programme and progress for 22/23
- iii) Note the capital position at Month 7; and
- iv) Note the 2022/23 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:

The month 7 position has been presented and scrutinised by FP&P Committee and Corporate Management Team.

7. Governance Route

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

8. Date Prepared & Issued

12th December 2022

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***NHSGGC – Month 7 Finance Report
Board Meeting
December 2022(Paper 22/xx)***



Purpose and Format of Report

The purpose of this report is to provide the Board with the Month 7 financial position, including the position of the Sustainability and Value and Capital programme for 22/23.

The format of the report covers;

- i) Executive Summary (page 3)
- ii) Covid-19 Forecast (page 4-5)
- iii) The Month 7 revenue position (pages 6-8)
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Members are asked to ;

- i) Note the revenue position at Month 7
- ii) Note the Month 7 position for Sustainability and Value Programme and progress for 22/23
- iii) Note the capital position at Month 7; and
- iv) Note the 2022/23 Projection.



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2022/23 Current Position

At 31st October 2022 the Board's financial ledger highlights an overspend of £40.26m.

The breakdown of this is:

- Unachieved savings of £34.97m (including £44.85m of non-recurring relief)
- Direct expenditure on remobilisation and delivery of services due to COVID-19 of £42.4m, which has been funded. Expenditure is split £38.51m Board and £3.93m for the Health expenditure in the IJB's.

2022/23 Covid-19 Expenditure

The following pages show the breakdown of the Covid-19 Expenditure based on the Month 7 submission to SG on the 25th of November 2022.

The total Covid-19 forecast for Month 7 is £110.92m, which is split £71.23m for the Board and £39.69m for the IJB's. This is a reduction of £31.58m from the £142.5m that was forecast at Quarter 1.

Test and Protect is being funded separately and is therefore not included in the calculations for this financial envelope. The total covid costs for the Board, excluding Test and Protect, is £64.7m, with the financial envelope of £61.6m leaving a current pressure of £3.1m. Further work is continuing to reduce the remaining gap during the second half of the financial year.

The first tranche of Test and Protect funding was received in September for 80% of the forecasted costs with a second tranche to follow later in the year.

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Board Covid-19 Forecast

The total forecast expenditure for the Board is £71.2m, a breakdown can be seen in the table below.

Health Board	2022-23 YTD Total	22-23 Nov - March	2022-23 Total
Workstream Mapping	£m	£m	£m
Public Health	0.7	0.5	1.2
Test and Protect	5.1	1.5	6.6
Vaccinations	8.3	18.1	26.4
Workforce and Capacity	19.3	5.5	24.9
PPE, Equipment and IPC	7.6	0.8	8.4
Primary Care	0.0	0.0	0.0
Miscellaneous	2.6	1.3	3.9
Grand Total	43.6	27.6	71.2
Grand Total excluding Test & Protect	38.5	26.1	64.7
Funding Envelope			61.6
Unfunded			3.1

This is a further reduction of £4.8m on the £69.5 position, excluding Test & Protect, reported at Month 5. Good progress is being made to reduce the Covid-19 expenditure with reviews continuing to try and reduce the £3.1m gap further.

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IJB Covid-19 Forecast

The total forecast expenditure for the IJB's is £39.7m, a breakdown can be seen in the table below

Health Board	2022-23 YTD Total	22-23 July March	2022-23 Total
Workstream Mapping	£m	£m	£m
Public Health	0.1	0.1	0.1
Vaccinations	0.4	1.1	1.5
Workforce and Capacity	4.5	4.0	8.5
PPE, Equipment and IPC	0.7	0.5	1.2
Social Care and Community Capac	12.0	14.6	26.6
Primary Care	0.3	0.4	0.7
Miscellaneous	0.5	0.4	1.0
Total Covid Costs - IJB	18.5	21.2	39.7

The forecast spend for the IJB's is £39.7m, this is a reduction of £7.3m when compared to the Quarter 1 forecast of £47m. This is in line with the SG Covid Cost Improvement Programme to drive forward savings delivery across core and Covid-19 expenditure . The split between Health and Local Authority can be seen below

IJB Split	Health Spend	Local Authority Spend	TOTAL 22/23
	£m	£m	£m
TOTAL	7.2	32.5	39.7

The IJB's have Covid-19 reserves that will cover the forecast costs for 2022/23. A letter from Scottish Government was issued on the 12th of September 2022 stating that they will reclaim any surplus Covid reserves to be redistributed across the sector to meet current Covid priorities. This is due to a number of significant changes to Public Health policies in relation to Covid over the summer, resulting in the profile of Covid spend reducing significantly compared to when funding was provided to IJBs specifically for Covid purposes.

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The Month 7 Revenue Position

Month 7 Position- Overall Position



Financial Performance – Month 7

This section of the report provides analysis of the financial position at 31st October 2022.

Area	Pays, Non Pays Position	Unachieved Savings	Final reported Position
	£m	£m	£m
Acute	(6.20)	(18.57)	(24.77)
Partnerships	0.00	0.00	0.00
Corporate Departments	0.90	(16.40)	(15.49)
Financial Position at 31st October 2022	(5.30)	(34.97)	(40.26)

As outlined above, the Board recorded a deficit of £40.26m at 31st October 2022. (Month 6 reported £40.88m)

The deficit is made up of the following:-

- Unachieved savings of £34.97m, £18.57m of which is against the Acute target.
- Pay and non-pay overspend of £5.30m. Acute is overspent by £6.20m offset by underspends in Corporate of £0.9m.
- Position includes £44.85m of non-recurring relief

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Detailed below is the current year end forecasted IJB Reserves position as reported by each IJB to their IJB Board.

IJB	SG earmarked Reserves £m	Other Earmarked Reserves £m	Total Earmarked £m	General £m	Total Forecast position at 31.03.23 £m	31.03.22 £m	Movement £m	Reserves position as at
East Renfrewshire	0.6	2.3	2.9	0.3	3.2	20.7	(17.5)	30th September 2022
East Dunbartonshire	8.6	3.3	12.0	3.1	15.0	27.0	(11.9)	30th September 2022
*Glasgow	94.2	52.6	146.8	28.6	175.4	175.4	0.0	31st March 2022
Inverclyde	11.5	2.6	14.1	2.0	16.1	28.3	(12.3)	31st August 2022
Renfrewshire	25.5	11.3	36.8	5.8	42.6	51.0	(8.4)	30th September 2022
West Dunbartonshire	6.8	9.2	16.0	5.3	21.4	34.6	(13.2)	30th September 2022
Total	147.3	81.3	228.6	45.0	273.6	336.9	(63.4)	
2021/22	194.1	99.4	293.6	43.3	336.9			
Movement	(46.8)	(18.1)	(65.1)	1.7	(63.3)			

*Glasgow do not report a forecasted position throughout the year, an update is only available at year end.

As can be seen above there is forecasted to be significant movement on the earmarked reserves position across the other 5 IJB's, with the majority of the movement on SG earmarked reserves. The IJB monitoring reports are made available to NHS GG&C and on review it can be seen that the earmarked reserves are being used for their intended purposes. It is expected that there will be further movement on the reserves as the year progresses.

Sustainability and Value Programme (SVP)

The Sustainability and Value Programme (SVP) – Month FY22-23 Month 7



As SVP has been established at a national level it is important that our FIP process has alignment to this and as such the consistency in terminology and work being undertaken through internal review has led to this overarching strapline categorisation.

The overall savings challenge for the Board in 2022/23 is £174.5m. Of this £53.79m has been allocated out to the Directorates and Sectors leaving the balance of £120.7m sitting centrally as agreed in the August 2022 Finance Plan.

On a current year basis £31.57m has been achieved by the Sectors and Directorates, an increase of £5.52m from month 6, with a further £80.38m through non-recurring relief and other corporate measures. Therefore in total (recurring & non-recurring) £111.95m is expected to be released based on the month 7 position.

On a full year recurring basis £16.66m has been achieved as at Month 7 against the £53.79m target, this is an improvement of £1.12m from Month 6. The forecast FYE position for Month 7 is now £30.29m which is an improvement of £6m on Month 6 and factors in all known projects and associated risks. On an in year basis additional pipeline savings anticipates a total delivery of £121.79m against the £174.5m challenge.

Month 7 has shown positive progress given the increase in value noted above. The overall pipeline of savings and rate of delivery is however behind the required trajectory to meet the overall target and as such we still have a significant gap against the financial targets. The Acute sector continues to review opportunities however given the wider operational pressures there is a real risk that the level of initiatives will not improve the position significantly in the remainder of the year.

In order to mitigate this gap in our plans we are maximising our non-recurring position and undertaking rigorous reviews of budgets and the wider financial plan of the Board. In addition to this a number of work streams have been commissioned to assist in the identification of further savings and costs control opportunities. It remains imperative that every effort is made to realise the targeted recurring savings in 2022/23.

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Capital Position



Capital Expenditure – Month 7 October 2022

Total Gross Capital Expenditure to date	: £24.2m (24.6% of plan)
Annual Capital Budget	: £98.5m
Balance of Capital Expenditure to be incurred	: £74.3m
Total Expenditure Committed	: £53.8m (55%)
Uncommitted Balance	: £44.7m (45%)
* Committed [Expenditure incurred + Orders placed]	

Total gross capital expenditure incurred to 31st October 2022 is £24.2m amounting to 24.6% of the annual plan (of £98.5m). This leaves a balance of £74.3m to be incurred by 31st March 2023.

£53.8m of expenditure has been committed to date (Goods or services ordered or received) leaving an uncommitted balance of £44.7m

The capital funding available increased by £1.2m in month from £97.3m to £98.5m due to revenue budget transfers of £0.8m and National Services Equipment Funding of £0.4m.

Of the £98.5m capital budget £92.7m has been allocated to projects leaving £5.8m available. The balance is subject to the asset prioritisation bidding process and approved at CPG/PASG relative to the value of the bid.

A full review of all Land and Buildings is currently taking place in order to comprise a disposal plan for any surplus assets over the next few years. A plan will be taken to CMT in January and then FP&P in February 2022.

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Capital Expenditure – to 31st October 2022 : £24.2m

Main areas of Expenditure as below:

- £9.5m in relation to building work at the new Glasgow North East Health Centre and works to other Health Centres.
- £2.9m of expenditure has been incurred on hospital site based schemes.
 - GGH : Radionuclide Dispensary
 - QEUH : Waste hold doors replacement programme & upgrade to CMB building
 - QEUH : Rectification works required
 - GRI : Surgical Robot move to new Theatre & Burns Hub
 - INS : Thrombectomy Service upgrade
 - RAH : Clyde Trauma Ortho Assessment upgrade
- £4.1m: Building works to Glasgow HSCP's to address Primary Care Improvement Plan requirements
- £1.0m: Medical Equipment replacement
- £3.1m: Radiotherapy Equipment Replacement Programme (Linear Accelerator)
- £1.5m: e-Health device replacement programme & PACS Server Upgrade
- £1.6m: Minor works and other small capital schemes.
- £0.3m: Other Corporate schemes (GP Loans, Feasibility Studies)
- £0.2m: Scottish Govt. Funded Backlog Maintenance Programme

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2022/23 Projection



2022/23 Projection

The table below shows the progress that the Board has made in reducing the forecast deficit. The deficit has reduced from the £78.4m which was approved by the Board on the 23rd of August 2022 to **£30.9m** at month 7. This is a reduction of £47.5m of which £22.9m is as a result of the extensive covid exit planning that has been taking place with a further £24.6m betterment in the core position.

Board Finance Plan	Revised Fin Plan Aug 22 £m's	Revised Month 5 £m's	Revised Month 6 £m's	Revised Month 7 £m's	Movement Fin Plan v Month 7 £m's
Core Deficit	52.4	51.5	34.5	27.8	24.6
Covid Deficit	26.0	7.9	3.4	3.1	22.9
Total Deficit	78.4	59.4	37.9	30.9	47.5

The Covid-19 funding gap is now £3.1m, with some small reductions from the position at month 6. The forensic review continues in this area for the remainder of the financial year with a view of reducing the costs down further, in line with financial resources available. Solid progress is being made to achieve this aim.

A number of the actions set out within the recovery plan, submitted to SG in September, have been implemented which has resulted in the £24.6m reduction in the core deficit however further work is essential to reduce this position further.

The month 7 forecasted deficit of £30.9m remains reliant on achieving recurring savings of £50m, therefore it is imperative that all Directorates and Sectors achieve their savings targets. As at month 7 the sectors and directorates have identified **£35.45m** of current year effect savings representing circa 66% of the target.

Focussed effort needs to be maintained to further bridge the £30.9m gap by identifying additional savings both on a recurring and non-recurring basis, as well as reducing our costs and system pressures. We need to ensure that financial controls are adhered to, to maintain spend within budget, mitigate current pressures and ensure all new initiatives are cost neutral or funded from existing budgets with oversight and organisational approval in place.

Conclusion



Conclusion

2022/23 Month 7

The purpose of this report is to provide the Board with a Month 7 financial update.

At 31st October 2022 the Board's financial ledger highlights an overspend of £40.26m attributed to unachieved savings £34.97m, inclusive of £44.85m non recurring relief. The pay and non-pay overspend is £5.3m. Acute is overspent by £6.20m offset by underspends in Corporate of £0.9m.

In terms of FIP, whilst there has been a reasonable delivery of savings within the first seven months of the year, the pace and growth in the pipeline of ideas at this time puts at risk the Boards ability to delivery against its financial targets and focussed attention is required to mature further recurring and non-recurring opportunities over the second half of the year.

Total capital expenditure incurred to 31st October 2022 is £24.2m. This amounts to 24.6% of the plan (of £98.5m) leaving a balance of £74.3m to be incurred by 31st March 2023. As we continue in the second half of the financial year, we need to ensure that expenditure is incurred on a more timely basis and not left to the final quarter.

2022/23

The Boards deficit has reduced from the £78.4m which was approved by the Board on the 23rd of August 2022 to **£30.9m** at month 7. This is a reduction of £47.5m of which £22.9m is a result of the extensive covid exit planning that has been taking place with a further £24.6m betterment in the core position.

This position is reliant on achieving recurring savings of £50m, therefore it is imperative that all Directorates and Sector achieve their savings targets. Focussed effort needs to be maintained to further bridge the current gap by identifying additional savings both on a recurring and non-recurring basis, as well as reducing our costs and system pressures.

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Conclusion continued

We need to ensure that financial controls are adhered to, to maintain spend within budget, mitigate current pressures and ensure all new initiatives are cost neutral or funded from existing budgets with oversight and organisational approval in place.

In line with the Scottish Government requirements we are progressing with our action plan to bring the £30.9m down further. We were successful in meeting the first requirement to get back the March 2022 Financial position of £51.5m and are now progressing with the next stage.

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 22/23
- iii) Note the capital position at Month 7; and
- iv) Note the 2022/23 Position.

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