

NHS Greater Glasgow and Clyde	Paper No. 23/24
Meeting:	Board
Meeting Date:	25 April 2023
Title:	NHSGGC 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 11 financial position, including the position of the Sustainability and Value Programme (SVP) and the capital position.

The format of the report covers;

- i) Executive Summary (page 3)
- ii) Covid-19 Forecast (page 4-5)
- iii) The Month 11 revenue position and outlook (pages 6-8)
- iv) The Month 11 Sustainability and Value position and progress for 22/23 (pages 9-10)
- v) The Month 11 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 11 Position

The Board recorded a deficit of £10.37m at 28th February 2023. (Month 10 reported £25.16m)

The deficit is made up of the following:-

- Overachievement of savings of £0.42m
- Pay and non-pay overspend of £10.79m. Acute is overspent by £11.22m offset by underspends in Corporate of £0.43m.

BOARD OFFICIAL

- The total expenditure on remobilisation and delivery of services due to COVID-19 of £57.88m, funding has been included to cover these costs

Sustainability and Value Programme (SVP)

On a full year recurring basis savings of £52.94m has been achieved as at Month 11 (i.e. this is formally achieved and processed within the financial ledger at month 11), this is an improvement of £2.29m from Month 10. On a current year basis (recurring and non-recurring) £172.25m has been achieved, this is an improvement of £18.48m on the position reported in Month 10.

The continued improvement in Month 11 has been assisted by a further £2.09m in recurring and £15.16m non-recurring savings being released from the wider financial plan in addition to the savings achieved from directorates and sectors.

As of Month 11 the Board has surpassed the stated target of £50m in recurring savings as committed to within the financial plan. The Board is currently forecasting year end delivery of £53.96m with a stretch target of £54.8m which if achieved will result in a carry forward deficit position of circa £119.7m, as stated in the current 23/24 draft financial plan. It remains imperative that every effort is made to achieve and maximise the levels of savings within the remainder of 2022/23 in order to achieve the £54.8m target.

Capital Position

Total gross capital expenditure incurred to 28th February 2023 is £59.5m amounting to 62% of the annual plan (of £95.5m). This leaves a balance of £36.0m to be incurred by 31st March 2023. At month 11, 94% 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.

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 **breakeven** at month 11. This is a reduction of £78.4m of which £26.0m is as a result of the extensive covid exit planning that has been taking place with a further £54.4m betterment in the core position.

	Revised Fin Plan Aug 22 £m's	Revised Month 5 £m's	Revised Month 6 £m's	Revised Month 7 £m's	Revised Month 8 £m's	Revised Month 9 £m's	Revised Month 10 £m's	Revised Month 11 £m's	Movement Fin Plan v Month 11 £m's
Board Finance Plan									
Core Deficit	52.4	51.5	34.5	27.8	27.8	15.6	15.6	-	52.4
Covid Deficit	26.0	7.9	3.4	3.1	-	-	-	-	26.0
Total Deficit	78.4	59.4	37.9	30.9	27.8	15.6	15.6	-	78.4

There has been an improvement of £15.6m since the forecast deficit position reported at month 10, this updated position incorporates allocations from Scottish Government relating to new medicines funds and costs associated with the Public Inquiry.

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 2022/23
- iii) Note the capital position at Month 11; 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:

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

17 April 2023

OFFICIAL SENSITIVE

***NHSGGC – Month 11 Finance Report
Board Meeting
April 2023(Paper 23/24)***



Purpose and Format of Report

The purpose of this report is to provide the Board with the Month 11 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 11 revenue position and outlook (pages 6-8)
- iv) The Month 11 Sustainability and Value position and progress for 22/23 (pages 9-10)
- v) The Month 11 capital position (pages 11-13)
- vi) 2022/23 Projection (pages 14-15)
- vii) Conclusion (pages 16-18)

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 22/23
- iii) Note the capital position at Month 11; and
- iv) Note the 2022/23 Projection.



Delivering better health

www.nhsggc.org.uk



2022/23 Current Position

At 28th February 2023 the Board's financial ledger highlights an overspend of £10.37m.

The breakdown of this is:

- Overachievement of savings of £0.42m
- Pay and non-pay overspend of £10.79m. Acute is overspent by £11.22m offset by underspends in Corporate of £0.43m
- Direct expenditure on remobilisation and delivery of services due to COVID-19 of £57.88m, which has been funded. Expenditure is split £52.13m Board and £5.75m 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 11 submission to SG.

The total Covid-19 forecast at Month 11 is £103.1m, which is split £68.1m for the Board and £35.0m for the IJB's. This is a reduction of £39.4m from the £142.5m that was forecast at Quarter 1.

Test and Protect of £6.6m 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 £61.3m, which is in line with the financial envelope.

Delivering better health

www.nhsggc.org.uk



Board Covid-19 Forecast

The total forecast expenditure for the Board is £68.1m, a breakdown can be seen in the table below.

Health Board	2022-23 YTD Total	22-23 March	2022-23 Total
Workstream Mapping	£m	£m	£m
Public Health	1.1	0.1	1.2
Test and Protect	5.7	0.9	6.6
Vaccinations	15.6	7.0	22.6
Workforce and Capacity	22.5	1.3	23.8
PPE, Equipment and IPC	9.4	0.8	10.1
Primary Care	0.0	0.0	0.0
Miscellaneous	3.6	0.3	3.9
Grand Total	57.8	10.3	68.1
Grand Total excluding Test & Protect	52.1	9.4	61.6
Funding Envelope			61.6
Unfunded			(0.0)

There has been a slight movement since the last reported position with a further reduction of £0.2m on Test and Protect costs. Overall the Covid-19 forecast is still within the financial envelope.

Delivering better health

www.nhsggc.org.uk



IJB Covid-19 Forecast

The total forecast expenditure for the IJB's is £35.0m, a breakdown can be seen in the table below

Health Board	2022-23 YTD Total	22-23 March	2022-23 Total
Workstream Mapping	£m	£m	£m
Public Health	0.1	0.0	0.1
Vaccinations	1.0	0.6	1.6
Workforce and Capacity	6.3	1.1	7.4
PPE, Equipment and IPC	0.9	0.1	1.0
Social Care and Community Cap	17.7	5.4	23.1
Primary Care	0.7	0.1	0.8
Miscellaneous	0.9	0.2	1.0
Total Covid Costs - IJB	27.5	7.4	35.0

Delivering better health

www.nhsggc.org.uk

The forecast spend for the IJB's is £35.0m, this is a reduction of £12.0m when compared to the Quarter 1 forecast of £47m. This is in line with the SG request to drive forward savings delivery across core and Covid-19 expenditure through the Covid Cost Improvement Programme. The £35.0m is split £6.4m for Health and £28.6m Local Authority spend

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. The funds were reclaimed in February 2023, with a final reconciliation to be carried out at year end to ensure that the funding retained is in line with the actual expenditure.

The Month 11 Revenue Position



Financial Performance – Month 11

This section of the report provides analysis of the financial position at 28th February 2023.

Area	Pays, Non Pays Position	Unachieved Savings	Final reported Position
	£m	£m	£m
Acute	(11.22)	(15.68)	(26.90)
Partnerships	0.00	0.00	0.00
Corporate Departments	0.43	16.10	16.54
Financial Position at 28th February 2023	(10.79)	0.42	(10.37)

As outlined above, the Board recorded a deficit of £10.37m at 28th February 2023. (Month 10 reported £25.16m)

The deficit is made up of the following:-

- Overachievement of savings of £0.42m
- Pay and non-pay overspend of £10.79m. Acute is overspent by £11.22m offset by underspends in Corporate of £0.43m.
- The total expenditure on remobilisation and delivery of services due to COVID-19 of £57.88m, funding has been included to cover these costs

Delivering better health

www.nhsggc.org.uk

Month 11 Position – Partnerships Reserves



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

IJB	SG earmarked Reserves	Other Earmarked Reserves	Total Earmarked	General	Total Forecast position at 31.03.23	31.03.22	Movement	Reserves position as at
	£m	£m	£m	£m	£m	£m	£m	
East Renfrewshire	1.0	1.7	2.7	0.3	3.0	20.8	(17.7)	31st January 2023
East Dunbartonshire	3.2	3.5	6.7	6.1	12.8	27.0	(14.2)	31st January 2023
*Glasgow	94.2	52.6	146.8	28.6	175.4	175.4	0.0	31st March 2022
Inverclyde	1.5	13.4	14.9	2.3	17.2	28.3	(11.2)	31st December 2022
Renfrewshire	9.8	12.6	22.4	5.8	28.2	51.0	(22.8)	31st January 2023
West Dunbartonshire	9.5	9.7	19.1	4.1	23.3	34.6	(11.3)	31st December 2022
Total	119.2	93.5	212.7	47.1	259.8	337.0	(77.2)	
2021/22	194.1	99.4	293.6	43.3	336.9			
Movement	(74.9)	(6.0)	(81.0)	3.8	(77.2)			

*Glasgow do not report a forecast 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. The figures above, with the exception of Glasgow reflect a significant reduction on the Covid-19 reserves.

All IJB's are forecasting that they will break even at year end however they are facing significant pressures in relation to prescribing and may need to utilise reserves dependant on the final outturn.

Delivering better health

www.nhsggc.org.uk

Sustainability and Value Programme (SVP)



The Sustainability and Value Programme (SVP) – 2022/23 – Month 11

Month 11 Position

On a full year recurring basis savings of £52.94m has been achieved as at Month 11 (i.e. this is formally achieved and processed within the financial ledger at month 11), this is an improvement of £2.29m from Month 10. On a current year basis (recurring and non-recurring) £172.25m has been achieved, this is an improvement of £18.48m on the position reported in Month 10.

The continued improvement in Month 11 has been assisted by a further £2.09m in recurring and £15.16m non-recurring savings being released from the wider financial plan in addition to the savings achieved from directorates and sectors.

Forecast

The forecast FYE position based on the Month 11 is now **£53.96m**, this is an improvement of £1.55m reported in Month 10. The current year forecast of £172.89m (recurring and non-recurring) has also improved by £17.5m based on last month. This forecast includes the level of pipeline savings remaining to be delivered less areas considered to be at high risk of not delivering this financial year and hence is a figure expected to be achieved at month 12 based on all information to date.

As of Month 11 the Board has surpassed the stated target of £50m in recurring savings as committed to within the financial plan. The Board is currently forecasting year end delivery of £53.96m with a stretch target of £54.8m which if achieved will result in a carry forward deficit position of circa £119.7m, as stated in the current 23/24 draft financial plan. It remains imperative that every effort is made to achieve and maximise the levels of savings within the remainder of 2022/23 in order to achieve the £54.8m target.

This will be a significant achievement for the Board given both the scale of the original targets and the ongoing operational service pressures that have been present throughout the year.

Planning for 2023-24 has commenced with formal plans initially requested from all areas by the end of February and updated by the end of March 2023.

Delivering better health

www.nhsggc.org.uk

Capital Position



Capital Expenditure – Month 11 – 28th February 2023

Total Gross Capital Expenditure to date	: £59.5m (62% of plan)
Annual Capital Budget at 28/02/23	: £95.5m
Balance of Capital Expenditure to be incurred	: £36.0m
Total Expenditure Committed	: £89.9m (94%)
Uncommitted Balance	: £5.6m (6%)
* Committed [Expenditure incurred + Orders placed]	

Total gross capital expenditure incurred to 28th February 2023 is £59.5m amounting to 62% of the annual plan (of £95.5m). This leaves a balance of £36.0m to be incurred by 31st March 2023.

£89.9m of the planned expenditure has been committed to date (Goods or services ordered or received) leaving an uncommitted balance of £5.6m.

The capital funding available decreased by £3.9m in month from £99.4m to £95.5m due to a re-profiling Thrombectomy and Glasgow NE Health Centre to 2023/24 of £4.5m offset by QEUH Rectification Works, Medical Equipment and LIMS Funding.

The Capital Resource Limit will be achieved in full by the 31st of March 2023

Delivering better health

www.nhsggc.org.uk

Capital Expenditure Month 11 – to 28th February 2023 : £59.5m

Main areas of Expenditure as below:

- £17.2m in relation to building work at the new Glasgow North East Health Centre and works to other Health Centres.
- £8.2m 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
 - QEUH : Thrombectomy Works to install Bi-Planars
 - GRI : Surgical Robot move to new Theatre & Burns Hub
 - INS : Thrombectomy Service upgrade
 - RAH : Clyde Trauma Ortho Assessment & Ward Kitchen Upgrades
- £ 6.0m: Building works to Glasgow HSCP's to address Primary Care Improvement Plan requirements
- £ 14.3m: Medical Equipment replacement
- £ 4.0m: Radiotherapy Equipment Replacement Programme (Linear Accelerator)
- £ 1.8m: e-Health device replacement programme & PACS Server Upgrade
- £ 4.2m: Minor works and other small capital schemes.
- £ 0.9m: Other Corporate schemes (Facilities, GP Loans, Feasibility Studies)
- £ 2.5m: Scottish Govt. Funded Backlog Maintenance Programme
- £ 0.4m: Dept Energy & Climate Change Grant Expenditure (Non core)



Delivering better health

www.nhsggc.org.uk

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 **breakeven** at month 11. This is a reduction of £78.4m of which £26.0m is as a result of the extensive covid exit planning that has been taking place with a further £54.4m betterment in the core position.

	Revised Fin Plan Aug 22 £m's	Revised Month 5 £m's	Revised Month 6 £m's	Revised Month 7 £m's	Revised Month 8 £m's	Revised Month 9 £m's	Revised Month 10 £m's	Revised Month 11 £m's	Movement Fin Plan v Month 11 £m's
Board Finance Plan									
Core Deficit	52.4	51.5	34.5	27.8	27.8	15.6	15.6	-	52.4
Covid Deficit	26.0	7.9	3.4	3.1	-	-	-	-	26.0
Total Deficit	78.4	59.4	37.9	30.9	27.8	15.6	15.6	-	78.4

There has been an improvement of £15.6m since the forecast deficit position reported at month 10, this updated position incorporates allocations from Scottish Government relating to new medicines funds and costs associated with the Public Inquiry.

The break-even position was reliant on achieving recurring savings of £50m, this target has now been met. However in order to ensure that the recurring deficit brought forward into 2023/24 does not increase a target of £54.8m requires to be met, therefore it is imperative that all Directorates and Sectors maximise the savings over the final month of the year.

Delivering better health

www.nhsggc.org.uk

Conclusion



Conclusion

2022/23 Month 11

The purpose of this report is to provide the Board with a Month 11 financial update.

At 28th February 2023 the Board's financial ledger highlights an overspend of £10.37m attributed to overachieved savings of £0.42m, combined with a pay and non-pay overspend is £10.79m. (Acute Pay / non-pay is overspent by £11.22m offset by underspends in Corporate of £0.43m)

In terms of FIP, there has been a good delivery of savings within the first 11 months of the year, with £53.96m forecast against the £50m target. However in line with the draft financial plan for 23/24 and in order to ensure our recurring deficit going into 2023/24 does not increase, a further £0.84m of recurring savings requires to be identified.

Total capital expenditure incurred to 28th February 2023 is £59.5m. This amounts to 62% of the plan (of £95.5m) leaving a balance of £36.0m to be incurred by 31st March 2023. At month 11, 94% 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.

2022/23 - Forecast

The Boards deficit has reduced from the £78.4m which was approved by the Board on the 23rd of August 2022 to **breakeven** at month 11. This is a reduction of £78.4m of which £26.0m is a result of the extensive covid exit planning that has been taking place with a further £52.4m betterment in the core position. This is an improvement of £15.6m on the month 10 position as a result of allocations from Scottish Government relating to new medicines funds and costs associated with the Public Inquiry.

Delivering better health

www.nhsggc.org.uk



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 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 22/23
- iii) Note the capital position at Month 11; and
- iv) Note the 2022/23 Position.

Delivering better health

www.nhsggc.org.uk