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| NHS Greater Glasgow and Clyde | Paper No. 23/43 |
| Meeting: | NHSGGC Board Meeting |
| Meeting Date: | 27 June 2023 |
| 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 12 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 12 revenue position and outlook (pages 6-8)
- iv) The Month 12 Sustainability and Value position and progress for 2023/24 (pages 9-11)
- v) The Month 12 capital position (pages 12-14)
- vi) 2022/23 position (pages 15-16)
- vii) 2023/24 Financial Plan (pages 17-18)
- viii) Conclusion (pages 19-21)

2. Executive Summary

The paper can be summarised as follows:

Month 12 Position

The Board recorded a surplus of £0.56m at 31st March 2023. (Month 11 reported £10.37m). Please note this position is provisional and is subject to year-end audit.

The surplus is made up of the following:-

- Pay and non-pay underspend of £0.56m. Acute is overspent by £13.58m offset by underspends in Partnerships of £0.76m and Corporate of £13.37m.

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- The total expenditure on remobilisation and delivery of services due to COVID-19 of £73.98m, which has been funded. Expenditure is split £67.82m Board and £6.16m for the Health expenditure in the IJB's.

Sustainability and Value Programme (SVP)

On a full year recurring basis savings of £54.83m has been achieved as at Month 12 (i.e. this is formally achieved and processed within the financial ledger at month 12), this is an improvement of £1.89m from Month 11. It should be noted that this performance exceeds the forecast position reported in Month 11.

On a current year basis (recurring and non-recurring) £174.5m has been achieved, this is an improvement of £2.25m on the position reported in Month 11.

As of Month 12 the Board surpassed the stated target of £50m in recurring savings as committed to within the financial plan. The Board achieved its stretch target of £54.8m which has resulted in a slightly reduced carry forward deficit position of £119.7m, as stated in the 2023/24 financial plan.

Capital Position

The CRL for 2022/23 was £89.6m and after allowing for other income sources this provided a budget of £96.3m available to spend on capital purchases. The £96.3m was the total expenditure as at 31 March 2023

2022/23 – Year end position

As at 31 March 2023 the Board has achieved a surplus of £0.56m. This is a significant improvement compared to the deficit of £78.4m that was approved by the Board in August 2022. There has been a reduction in Covid-19 expenditure of £26m and an improvement in the Core deficit position of £53m.

It should be noted that all the figures for month 12 are provisional and subject to audit.

2023/24

The financial plan was approved by the Board on the 25 April 2023. The financial plan highlights a deficit of £71.1m for 2023/24. This is based on the assumption of £75m of recurring savings and £44.8m of non-recurring relief (£50m non-recurring relief less £5.2m of non-recurring investments), therefore the overall recurring challenge that the board is facing is £190.9m.

3. Recommendations

The Board is asked to consider the following recommendations:

- i) Note the revenue position at Month 12
- ii) Note the Month 12 position for Sustainability and Value and progress for 23/24
- iii) Note the capital position at Month 12
- iv) Note the 2022/23 position; and
- v) Note the 2023/24 projection.

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 19 June 2023.
Issued on 20 June 2023

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***NHSGGC – Month 12 Finance Report
Board Meeting
June 2023 (Paper 23/43)***



Board



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Purpose and Format of Report

The purpose of this report is to provide the Board with the Month 12 financial position, including the position of the Sustainability and Value and capital programmes for 2022/23.

The format of the report covers;

- i) Executive Summary (page 3)
- ii) Covid-19 Forecast (page 4-5)
- iii) The Month 12 revenue position and outlook (pages 6-8)
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- vii) 2023/24 Financial Plan (pages 17-18)
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Members are asked to ;

- i) Note the revenue position at Month 12
- ii) Note the Month 12 position for Sustainability and Value and progress for 2023/24
- iii) Note the capital position at Month 12;
- iv) Note the 2022/23 position; and
- v) Note the 2023/24 projection.



2022/23 Current Position

At 31st March 2023 the Board's financial ledger highlights an underspend of £0.56m. It should be noted that this position is provisional and subject to the year-end audit and may change depending on the findings of the audit.

The breakdown of this is:

- Pay and non-pay underspend of £0.56m. Acute is overspent by £13.58m offset by underspends in Partnerships of £0.76m and Corporate of £13.37m.
- Direct expenditure on remobilisation and delivery of health services due to COVID-19 of £73.98m, which has been funded. Expenditure is split £67.9m Board and £6.16m 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 12 submission to Scottish Government.

The total Covid-19 spend for the year at Month 12 is £101.5m, which is split £67.9m for the Board and £33.6m for the IJB's. This is a reduction of £41.0m from the £142.5m that was forecast at Quarter 1.

Test and Protect of £6.3m is 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 £61.6m, which is in line with the financial envelope.

The Covid-19 expenditure figures are currently being finalised for the Local Authority any changes are unlikely to be material.

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Month 12 Covid-19 Expenditure



Board Covid-19 Expenditure

The total expenditure for the Board for the full year is £67.9m, a breakdown can be seen in the table below.

| Health Board | 2022-23 Total |
|---|---------------|
| Workstream | £m |
| Public Health | 1.2 |
| Test and Protect | 6.3 |
| Vaccinations | 23.4 |
| Workforce and Capacity | 23.4 |
| PPE, Equipment and IPC | 9.9 |
| Primary Care | 0.0 |
| Miscellaneous | 3.9 |
| Grand Total | 67.9 |
| Grand Total excluding Test & Protect | 61.6 |
| Funding Envelope | 61.6 |
| Unfunded | 0.0 |

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Month 12 Covid-19 Expenditure



IJB Covid-19 Expenditure

The total forecast expenditure for the IJB's is £33.6m, a breakdown can be seen in the table below

| IJB | 2022-23 Total |
|--------------------------------|---------------|
| Workstream Mapping | £m |
| Public Health | 0.1 |
| Vaccinations | 1.5 |
| Workforce and Capacity | 7.7 |
| PPE, Equipment and IPC | 1.0 |
| Social Care and Community Cap | 21.7 |
| Primary Care | 0.7 |
| Miscellaneous | 1.0 |
| Total Covid Costs - IJB | 33.6 |

The forecast spend for the IJB's is £33.6m, this is a reduction of £13.4m 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 £33.6m is split £6.2m for Health and £27.4m for Local Authority spend.

The IJB's had Covid-19 reserves that covered the forecast costs for 2022/23. A letter from Scottish Government was issued on the 12th of September 2022 stating that they would 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 carried out at year end that ensure that the funding retained was in line with the actual expenditure.

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The Month 12 Revenue Position

Month 12 Position- Overall Position



Financial Performance – Month 12

This section of the report provides analysis of the financial position at 31st March 2023.

| Area | Pays, Non Pays Position | Unachieved Savings | Final reported Position |
|--|-------------------------|--------------------|-------------------------|
| | £m | £m | £m |
| Acute | (13.58) | (16.21) | (29.78) |
| Partnerships | 0.76 | 0.00 | 0.76 |
| Corporate Departments | 13.37 | 16.21 | 29.58 |
| Financial Position at 31st March 2023 | 0.56 | 0.00 | 0.56 |

As outlined above, the Board recorded a surplus of £0.56m at 31st March 2023. (Month 11 reported £10.37m)

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The surplus is made up of the following:-

- Pay and non-pay underspend of £0.56m. Acute is overspent by £13.58m offset by underspends in Partnerships of £0.76m and Corporate of £13.37m.
- The total expenditure on remobilisation and delivery of services due to COVID-19 of £73.98m, which has been funded. Expenditure is split £67.82m Board and £6.16m for the Health expenditure in the IJB's.

It should be noted that all the figures for month 12 are provisional and subject to audit.

Month 12 Position – Partnerships Reserves



Detailed below is the current year-end forecast IJB Reserves position as reported by each IJB to their IJB Board. Please note these figures are also still subject to year end audit and may change.

| IJB | SG earmarked Reserves | Other Earmarked Reserves | Total Earmarked | General | Total position at 31.03.23 | 31.03.22 | Movement | Reserves position as at |
|---------------------|-----------------------|--------------------------|-----------------|-------------|----------------------------|--------------|----------------|-------------------------|
| | £m | £m | £m | £m | £m | £m | £m | |
| East Renfrewshire | 1.8 | 4.0 | 5.8 | 0.3 | 6.0 | 20.8 | (14.7) | 31st March 2023 |
| East Dunbartonshire | 7.6 | 8.1 | 15.7 | 4.4 | 20.1 | 27.0 | (6.9) | 31st March 2023 |
| Glasgow | 5.1 | 50.3 | 55.5 | 26.9 | 82.4 | 175.4 | (93.0) | 31st March 2023 |
| Inverclyde | 4.3 | 18.3 | 22.6 | 1.6 | 24.3 | 28.3 | (4.1) | 31st March 2023 |
| Renfrewshire | 13.4 | 13.7 | 27.1 | 6.5 | 33.6 | 51.0 | (17.4) | 31st March 2023 |
| West Dunbartonshire | 10.9 | 10.9 | 21.9 | 4.3 | 26.2 | 34.6 | (8.4) | 31st March 2023 |
| Total | 43.2 | 105.3 | 148.5 | 44.0 | 192.6 | 337.0 | (144.4) | |
| 2021/22 | 194.1 | 99.4 | 293.6 | 43.3 | 336.9 | | | |
| Movement | (150.9) | 5.9 | (145.1) | 0.8 | (144.3) | | | |

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As can be seen above there has been significant movement on the reserves position with a reduction of £144.4m in comparison to the 31st of March 2022. The largest movement can be seen within the reduction in SG earmarked reserves, of which £118.7m related to Covid-19 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.

Sustainability and Value Programme (SVP)

Sustainability and Value Programme



The Sustainability and Value Programme (SVP) – 2022/23 – Month 12

As at Month 12 the Board surpassed the stated target of £50m in recurring savings as committed to within the financial plan. The Board has achieved the stretch target of £54.8m which will result in a carry forward deficit position of circa £119.7m, this enable the Board to fully align with the forecasts made within the 2023/24 financial plan.

On a current year basis (recurring and non-recurring) £174.5m has been achieved, this is an improvement of £2.25m on the position reported in Month 11.

This year's overall performance is 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 on all directorates and departments.

Acute

The Acute division achieved 26.9% of their assigned recurring targets with Regional recording the highest percentage of savings at 55.3% which was a reasonably positive achievement given the operational pressures the Acute division faced throughout the year.

On a non recurring basis 64.7% was achieved with Regional and Diagnostics performing well.

Corporate

The Corporate Directorates on the whole achieved the majority of their recurring targets in year, achieving 86.7% of the allocated targets. Finance, eHealth, Board Medical Director , Public Health, Corporate Communications and HR all achieved 100% of their recurring targets which is an excellent outturn for the year.

On a non-recurring basis all corporate areas significantly over achieved against the allocated targets with Estates and Facilities achieving £14.96m against an initial target of £3.88m. The additional £13.99m achieved over the original targets helped to assist with achieving financial balance in year.

Sustainability and Value Programme

The Sustainability and Value Programme (SVP) – 2023/24



The Targets for 2023/24 have been set to reflect the scale of the financial challenge, with the £75m requirement being applied to all recurring budgets, with no prior year unachieved savings being left as carried over from 2022/23, and effectively resetting the new challenge against available budgets in a uniform manner. It should be noted that the overall recurring challenge to the Board is £190.9m.

Initial plans were submitted by the Sectors and Directorates for £12.6m which is 17% of the £75m target. A breakdown can be seen in the table below. There is now a requirement that all areas identify 50% of their savings by the end of June 2023.

| | Savings Target £000's | Initial Plans CVE | Initial Plans FYE | FYE % of Target |
|------------------------------------|--------------------------|----------------------|-------------------|-----------------|
| GD: South Sector | 13,381 | 1,074 | 1,124 | 8% |
| GC: North Sector | 8,638 | 0 | 275 | 3% |
| GZ: Clyde Sector | 7,588 | 0 | 883 | 9% |
| G4: Diagnostics Directorate | 8,005 | 1,070 | 1,307 | 17% |
| G5: Regional Services | 12,320 | 3,441 | 3,865 | 31% |
| G6: Women & Childrens Services | 8,585 | | 1,224 | 14% |
| GA&E: Acute Division I & E | 58,494 | 5,594 | 8,548 | 15% |
| G7: Estates+facilities Directorate | 9,106 | 2,010 | 1,400 | 15% |
| GTC: Corporate Finance | 809 | 809 | 809 | 100% |
| GID: Public Health | 533 | 200 | 0 | 0% |
| GTE: Nursing | 306 | 0 | 100 | 33% |
| GTF: Corporate Communications | 58 | 0 | 0 | 0% |
| GTH: Human Resources | 747 | 0 | 300 | 40% |
| GTI: Hi&t Director | 2,953 | 100 | 1,119 | 38% |
| GTJ: Board Medical Director | 1,800 | 0 | 300 | 17% |
| GTL: Corporate Administration | 193 | 0 | 0 | 0% |
| GBI&E: Corporate I&e | 16,506 | 3,119 | 4,029 | 24% |
| Total | 75,000 | 9,713 | 12,576 | 17% |
| Unallocated | 115,900 | | | |
| Financial Challenge | 190,900 | | | |

In addition to the schemes identified from these initial submissions a further £30m of potential savings from focus areas have been targeted, these additional areas of work are comprised of areas of work identified through the course of the last year now need to be fully developed, accelerated and delivered.

This provides a pipeline of circa £42m or 56% of the target for 2023/24 leaving circa £33m to be identified on a recurring basis. The non-recurring element of these plans will be developed throughout the first three months of the financial year.

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Capital Position

Capital Position

Capital Expenditure – Month 12 – 31st March 2023



Total gross capital expenditure incurred to 31st March 2023 is £96.3m.

The capital funding available increased by £3.9m in month from £95.5m to £98.6m due to a re-profiling of Thrombectomy and Glasgow NE Health Centre of £0.8m and additional radiotherapy equipment programme £2.5m offset by revenue transfers taking this total to £96.3m.

The total capital budget was £96.3m and after allowing for the capital allocation and other income sources the Capital Resource Limit of £89.6m was achieved in full at the 31st March 2023

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Capital Expenditure – to 31st March 2023 : £96.3m

Main areas of Expenditure as below:

- £19.6m in relation to building work at the new Glasgow North East Health Centre and Bishopton Health Centres.
- £10.6m 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 (Mainly Atrium)
 - GRI : Surgical Robot move to new Theatre & Burns Hub
 - INS : Thrombectomy Works to install Bi-Planars in 2023/24
 - INS : Upgrade to Ward 62
 - RAH : Clyde Trauma Ortho Assessment & Ward Kitchen Upgrades
- £ 6.4m: Building improvement works to Glasgow HSCP's to address Primary Care Improvement Plan requirements
- £ 21.3m: Medical Equipment replacement
- £ 7.6m: Radiotherapy Equipment Replacement Programme (Linear Accelerators & CT Simulators)
- £ 2.4m: e-Health device replacement, PACS Server Upgrade, LIMS, Software
- £ 12.5m: All minor works and other small capital schemes.
- £ 3.8m: Corporate schemes (Facilities Equipment, GP Loans, Feasibility Studies)
- £ 10.8m: Scottish Govt. Funded Backlog Maintenance Programme
- £ 1.3m: Dept. Energy & Climate Change Grant Expenditure (Non core)

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2022/23 Year End Position

2022/23 Year End Position



2022/23 Year End Position

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 a surplus of **£0.6m** at month 12. This is a reduction of £79.0m of which £26.0m is as a result of the extensive covid exit planning that has taken place with a further £53.0m betterment in the core position.

| | Revised Fin Plan Aug 22 | Revised Month 5 | Revised Month 6 | Revised Month 7 | Revised Month 8 | Revised Month 9 | Revised Month 10 | Revised Month 11 | Revised Month 12 | Movement Fin Plan v Month 12 |
|-------------------------|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|------------------------------------|
| | £m's | £m's | £m's | £m's | £m's | £m's | £m's | £m's | £m's | £m's |
| Board Finance Plan | | | | | | | | | | |
| Core (Deficit)/ Surplus | (52.4) | (51.5) | (34.5) | (34.0) | (34.0) | (15.6) | (15.6) | 0.0 | 0.6 | (53.0) |
| Covid (Deficit)/Surplus | (26.0) | (7.9) | (3.4) | (3.1) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (26.0) |
| Total Deficit | (78.4) | (59.4) | (37.9) | (37.1) | (34.0) | (15.6) | (15.6) | 0.0 | 0.6 | (79.0) |

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There has been an improvement of £0.6m since the forecast breakeven position reported at month 11.

This position was reliant on achieving recurring savings of £50m, this target was met and exceeded with £54.8m of recurring savings being achieved at year-end.

2023/24

2023/24 Financial Plan



2023/2024 Financial Plan

The 3 year financial plan was approved by the Board on the 25th April 2023. The financial plan highlights a deficit of £71.1m for 2023/24 and a deficit of £79.8m and £54.5m for the subsequent years.

The overall recurring financial challenge for the Board as we go into the new financial year is £190.9m. This is based on a recurring deficit carried forward from 2022/23 of £119.7m. 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.

2023/24 is going to be a challenging year. Given the number of priorities that the board is facing with unscheduled care, planned care and the underlying financial challenge, it is going to be extremely difficult to reduce this deficit. Work will continue throughout the year to review this position and every effort will be made to reduce pressures and costs in order to improve the overall position.

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Conclusion

Conclusion



Conclusion

2022/23 Month 12

The purpose of this report is to provide the Board with a Month 12 financial update.

At 31st March 2023 the Board's financial ledger highlights an underspend of £0.56m attributed to a pay and non-pay overspend. (Acute Pay / non-pay is overspent by £13.58m offset by underspends in Corporate of £13.38m and non delegated partnership areas of £0.76m) There were no unachieved savings at year end.

In terms of Sustainability and Value, there has been a good delivery of savings in the year, with £54.83m forecast against the £50m target. This value of savings has ensured that our recurring deficit going into 2023/24 has not increased.

Total capital expenditure incurred to 31st of March 2023 is £96.3m and our CRL has been achieved in full.

The Boards financial position has reduced from a deficit of £78.4m which was approved by the Board on the 23rd of August 2022 to a surplus of **£0.56m** at the year-end. This is a reduction of £79.0m of which £26.0m is a result of the extensive covid exit planning that has been taking place with a further £53.0m betterment in the core position.

It should be noted that all the figures for month 12 are provisional and subject to audit.

2023/24

The financial plan was approved by the Board on the 25th of April 2023. The financial plan highlights a deficit of £71.1m for 2023/24. This is based on the assumption of £75m of recurring savings and £44.8m of non recurring relief (£50m non-recurring relief less £5.2m of non-recurring investments).

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Conclusion



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 12
- ii) Note the Month 12 position for Sustainability and Value and progress for 2023/24
- iii) Note the capital position at Month 12
- iv) Note the 2022/23 position; and
- v) Note the 2023/24 projection.

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