

NHS Greater Glasgow and Clyde	Paper No. 23/62
Meeting:	NHSGGC Board Meeting
Meeting Date:	29 August 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 3 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) The Month 3 revenue position (pages 4-6)
- iii) The Month 3 Sustainability and Value position and progress for 23/24 (pages 7-9)
- iv) The Month 3 capital position (pages 10-12)
- v) 2023/24 Projection (pages 13-14)
- vi) Conclusion (pages 15-16)

2. Executive Summary

The paper can be summarised as follows:

Month 3 Position

At 30th June 2023 the Board is reporting an overspend of £33.76m with the majority attributed to unachieved savings of £23.21m. Pay and non-pay overspend £10.54m. Acute pay & non-pay is overspent by £9.57m and Corporate pay and non-pay is overspend by £1.18m. Partnerships has a pay and non-pay underspend of £0.21m.

Sustainability and Value Programme (SVP)

In terms of Sustainability and Value, £21.48m has been achieved on a recurring basis. On an in year basis (recurring and non-recurring) £57.64m has been achieved which is behind the trajectory as to where we need to be after the first 3 months of the year. As at month 3 there are forecast savings of £49.06m (65%) against the £75m target. The positive movement in month has is mainly as a result of additional sustainability funding of £15.6m received from Scottish Government.

Capital Position

Total capital expenditure incurred to 30th June 2023 is £14.9m. This amounts to 15% of the plan (of £97.2m) leaving a balance of £82.3m to be incurred by 31st March 2024. At month 3, 59% 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 £4.1m of the plan awaiting allocation which will follow through usual governance arrangements.

2023/24

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 **£53.3m**. This is a reduction of £17.8m which predominantly is a result of additional sustainability funding and new medicines funding received from Scottish Government offset by current levels of pressures.

3. Recommendations

The Board is asked to consider the following recommendations:

- i) Note the revenue position at Month 3
- ii) Note the Month 3 position for Sustainability and Value and progress for 23/24
- iii) Note the capital position at Month 3; and
- iv) Note the 2023/24 projected 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

Prepared on 18 August 2023

Issued on 22 August 2023

NHSGGC- Month 3 Finance Report

Board Meeting

August 2023 (Paper 23/62)



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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 Programme for 2023/24

The format of the report covers;

- i) Executive Summary (page 3)
- ii) The Month 3 revenue position (pages 4-6)
- iii) The Month 3 Sustainability and Value position and progress for 23/24 (pages 7-9)
- iv) The Month 3 capital position (pages 10-12)
- v) 2023/24 Projection (pages 13-14)
- vi) Conclusion (pages 15-16)

Members are asked to ;

- i) Note the revenue position at Month 3
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- iii) Note the capital position at Month 3; and
- iv) Note the 2023/24 projection.

Executive Summary

2022/23 position

The year-end audit is has now been completed and the final year end position for the 31st of March 2023 was a surplus of £0.783m. The Annual Accounts were approved by the Board on the 30th of June 2023.

2023/24 Current Position

At 30th June 2023 the Board's financial ledger highlights an overspend of £33.76m.

- The breakdown of this is:
 - Pay and non-pay overspend £10.54m. Acute pay and non-pay is overspent by £9.57m and Corporate pay and non-pay is overspend by £1.18m. Partnerships has a pay and non-pay underspend of £0.21m
 - Unachieved savings of £23.21m

Month 3 Position

Month 3- Overall Position

Financial Performance – Month 3

This section of the report provides analysis of the financial position as at 30th June 2023.

Area	Pays, Non Pays Position	Unachieved Savings	Final reported Position
	£m	£m	£m
Acute	(9.57)	(13.20)	(22.77)
Partnerships	0.21	(0.21)	(0.00)
Corporate Departments	(1.18)	(9.81)	(10.99)
Financial Position at 30th June 2023	(10.54)	(23.21)	(33.76)

As outlined above, the Board recorded a deficit of £33.76m at 30th June 2023. (Month 2 reported £38.44m)

The deficit is made up of the following:-

- Pay and non-pay overspend of £10.54m. Acute is overspent by £9.57m and Corporate areas are overspent by £1.18m. Partnerships has a pay and non pay underspend of £0.21m
- Unachieved savings at month 3 amount to £23.21m.

Partnership Reserves- Month 12 Position

Detailed below is the current year-end IJB Reserves position as reported by each IJB to their Board. Please note these figures are subject to respective year end audits 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)			

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

Sustainability and Value Programme (SVP)



The Month 3 position shows that £21.48m / 28.64% (of the £75m target) has been achieved on a recurring basis and on an in year basis (recurring/non-recurring) £57.64m has been achieved across the Board.

Included within the figures above are financial plan additional amounts of £15.6m on a recurring basis and £50m on an in year basis which have been released in Month 3. These mainly relate to additional funding received from Scottish Government in relation to financial sustainability and new medicines funds.

All sectors and directorates were tasked with identify 50% of their savings target by the end of Quarter 1. Unfortunately this has not been achieved by a number of the areas, and further work is required to increase the savings being delivered by sectors and directorates through internal governance processes.

Sustainability and Value Programme (SVP)

Sustainability and Value Programme (SVP) – Month 3 Forecast Position

The overall SVP forecast position as of Month 3 is targeting £49.06m on a FYE recurring basis. This is 65% of the recurring target of £75m. On an in year basis the recurring and non-recurring forecast combined is £78.62m which is 41% against the overall £190.9m financial challenge.

Table 3: Month 3 Forecast position:

<i>Area of Delivery</i>	<i>CYE Delivered or forecast (£m)</i>	<i>FYE Delivered or forecast (£m)</i>
Confirmed pipeline as of Month 3	15.95	16.70
Targeted Pipeline of Addition savings	12.58	16.77
S&V Forecast (Against £75m)	28.52	33.46
Central Balance / Financial plan adjustment (Against £115.9m)	50.10	15.60
Overall Month 3 Forecast (£190.9m)	78.62	49.06

41% of £190.9m 65% of £75m

Work is continuing with the pipeline projects to further develop and accelerate the delivery of savings. In addition to this, work continues with Sectors and Directorates to improve their local plans, this includes enhanced governance and scrutiny by the S&V Board.

There remains a significant recurring gap of £25.9m between the current forecast levels of savings against the £75m 2023/24 target. Further work is also required to generate additional non-recurring opportunities.

Given the size of the financial challenge the Board is facing it remains imperative that every effort is made to realise recurring savings in 2023/24. Therefore there is an urgent need for further savings initiatives to be identified in order for the Board to address these financial targets.

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Capital Position



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Capital Position

Capital Expenditure – June 2023

- Total Gross Capital Expenditure to date : £14.9m (15% of plan)
- Annual Capital Budget at 30/06/23 : £97.2m
- Balance of Budgeted Cap. Ex. to be incurred : £82.3m

- **Total Expenditure Committed** : **£57.5m (59%)**
- Uncommitted Budget : £39.6m (41%)

* Committed [Expenditure incurred + Orders placed]

Total gross capital expenditure incurred to 30th June 2023 is £14.9m amounting to 15% of the annual plan (of £97.2m). This leaves a balance of £82.3m to be incurred by 31st March 2024.

£57.5m of the planned expenditure has been committed to date (Goods or services ordered or received) leaving an uncommitted budget balance of £39.6m. £4.1m of budget remains available to be allocated to capital projects in 2023/24 via the usual governance routes.

The annual capital budget has increased from £95.8m last month to £97.2m as at the 30th of June 2023. This is due to GP loans of £0.3m and Decarbonisation of Grant funding of £1.1m.

The forecasted Capital Resource Limit is £94.1m

Delivering better health

Capital Position

Capital Expenditure – to 30th June 2023 : £14.9m

Main areas of Expenditure as below:

- £ 9.2m in relation to building work at the new Glasgow North East Health & Social Care Centre.
- £ 3.8m of expenditure has been incurred on hospital site based schemes.
 - QEUH : Waste hold doors replacement programme
 - QEUH : Rectification works required (Atrium & Fire Safety)
 - INS : Thrombectomy Works to install 2 x Bi-Planars
 - INS : Ward 62 Upgrade
- £ 0.5m: PCIP Works to Glasgow Health Centres
- £ 0.6m: Medical Equipment replacement
- £ 0.5m: Facilities : RAH Kitchens upgrade
- £ 0.3m: Corporate : GP Loans Issued

2023/24 Projection

2023/24 Projection

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.

A review has been carried out in line with the SG request and this deficit has now been reduced to **£53.3m**. This movement of £17.8m is predominately as a result of additional sustainability and new medicines funding from Scottish Government offset by some pressures.

Given the number of operational priorities that the board is facing and the underlying financial position, it is going to be extremely challenging to mitigate this deficit. Work will continue throughout the year to review this position and every effort will be made to try and reduced pressures and costs in order to improve the position.

It remains important that all areas identify at least 50% of their savings target to assist with meeting the Financial Plan targets, and that they are actively reviewing further recurring and non-recurring opportunities.

Conclusion

Conclusion

2023/24 Month 3

The purpose of this report is to provide the Board with a Month 3 financial update.

At 30th June 2023 the Board's financial ledger highlights an overspend of £33.76m attributed to unachieved savings £23.21m. The pay and non-pay overspend is £10.54m (Acute is overspent by £9.57m and Corporate overspent by £1.18m).

In terms of Sustainability and Value, £21.48m has been achieved on a recurring basis. On an in year basis (recurring and non-recurring) £57.64m has been achieved which is behind the trajectory as to where we need to be after the first 3 months of the year. As at month 3 there are forecast savings of £49.06m (65%) 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.

Total capital expenditure incurred to 30th June 2023 is £14.9m. This amounts to 15% of the plan (of £97.2m) leaving a balance of £82.3m to be incurred by 31st March 2024. At month 3, 59% 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 £4.1m of the plan still available to be allocated against capital projects.

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 **£53.3m** at the year-end. This is a reduction of £17.8m which is predominantly a result of additional funding from Scottish Government.

In summary, Members are asked to ;

- i) Note the revenue position at Month 3
- ii) Note the Month 3 position for Sustainability and Value and progress for 23/24
- iii) Note the capital position at Month 3; and
- iv) Note the 2023/24 projection.