

NHS Greater Glasgow and Clyde	Paper No. 23/09
Meeting:	Board Meeting
Meeting Date:	28th February 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 9 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 2)
- ii) Covid-19 Forecast (page 3-4)
- iii) The Month 9 revenue position and outlook (pages 5-7)
- iv) The Month 9 Sustainability and Value position and progress for 22/23 (pages 8-9)
- v) The Month 9 capital position (pages 10-13)
- vi) 2022/23 Projection (pages 14-15)
- vii) Conclusion (pages 16-18)

2. Executive Summary

The paper can be summarised as follows:

Month 9 Position

At 31st December 2022 the Board's financial ledger highlights a year to date deficit of £34.17m.

- The deficit is made up of the following:-
- Unachieved savings of £25.10m
- Pay and non-pay overspend of £9.07m. Acute is overspent by £10.79m offset by underspends in Corporate.

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- The total expenditure on remobilisation and delivery of services due to COVID-19 of £49.88m, funding has been included to cover these costs
- Position includes £64.16m of non-recurring relief

Sustainability and Value Programme (SVP)

On a full year recurring basis savings of £38.76m has been achieved as at Month 9, this is an improvement of £14.1m from Month 8. On a current year effect basis £137.91m has been achieved, this is an improvement of £10.3m on the position reported in Month 8.

The significant improvement in the levels of savings achieved as of Month 9 has been assisted by a further £14m in recurring savings and £5.05m in non-recurring savings identified and released from the wider financial plan in addition to those achieved from directorates and sectors.

The forecast FYE position for Month 9 is **£41.75m**, this is an improvement from Month 8 of £11.32m. The CYE forecast is now £139.72m an improvement of £9.73m on last month. This forecast adjusts for the level of savings considered to be at high risk. The current high risk projects are being evaluated to determine if any of these projects can be delivered in part or in full for the remaining months.

It is important to note that the challenge the Board is facing is £174.5m. This includes the £53.79m FIP target and the £120.71m sitting centrally which requires savings. It remains imperative that all areas on either a recurring or non-recurring basis and work continues to identify further savings in order to improve the Boards financial position.

Capital Position

Total capital expenditure incurred to 31st December 2022 is £39.9m. This amounts to 41.0% of the plan (of £98.0m) leaving a balance of £58.1m to be incurred by 31st March 2023. At month 9 it should be noted that 81% of the total capital allocation has firm orders or incurred spend and this will be kept under close review over the remaining 3 months 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 **£15.6m** at month 9. This is a reduction of £62.8m of which £26.0m is as a result of the extensive covid exit planning that has been taking place with a further £36.8m 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	Movement Fin Plan v Month 9 £m's
Board Finance Plan							
Core Deficit	52.4	51.5	34.5	27.8	27.8	15.6	36.8
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	62.8

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There is no longer a funding gap for Covid-19 expenditure, due to the overall costs being in line with the £61.6m financial envelope available. Additional receipts anticipated in relation to the New Medicine funding and a gain in CNORIS costs have resulted in a positive movement in the core deficit forecast from month 8 to month 9.

A number of the actions set out within the recovery plan, submitted to SG, have been implemented which has resulted in the £36.8m reduction in the core deficit however further work is essential to reduce this position further.

The month 9 forecast deficit of £15.6m 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 £15.6m 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 9
- ii) Note the Month 9 position for Sustainability and Value Programme and progress for 2022/23
- iii) Note the capital position at Month 9; 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

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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

8th February 2023

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***NHSGGC – Month 9 Finance Report
Board Meeting
February 2023(Paper xx)***



Purpose and Format of Report

The purpose of this report is to provide the Board with the Month 9 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 2)
- ii) Covid-19 Forecast (page 3-4)
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Members are asked to ;

- i) Note the revenue position at Month 9
- ii) Note the Month 9 position for Sustainability and Value and progress for 22/23
- iii) Note the capital position at Month 9; and
- iv) Note the 2022/23 Projection.



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Board Covid-19 Forecast

The total forecast expenditure for the Board is £68.3m, a breakdown can be seen in the table below.

Health Board	2022-23 YTD Total	22-23 Jan - March	2022-23 Total
Workstream Mapping	£m	£m	£m
Public Health	0.9	0.3	1.2
Test and Protect	5.7	1.1	6.8
Vaccinations	11.8	9.9	21.8
Workforce and Capacity	19.0	3.2	22.2
PPE, Equipment and IPC	10.4	2.3	12.7
Primary Care	0.0	0.0	0.0
Miscellaneous	3.1	0.8	3.9
Grand Total	50.8	17.5	68.3
Grand Total excluding Test & Protect	45.1	16.5	61.6
Funding Envelope			61.6
Unfunded			(0.0)

There has been progress since the last reported position with a further reduction of £3.1m resulting in the Covid-19 forecast, excluding Test & Protect, now being within the financial envelope of £61.6m.

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IJB Covid-19 Forecast

The total forecast expenditure for the IJB's is £35.6m, a breakdown can be seen in the table below

Health Board	2022-23 YTD Total	22-23 January - March	2022-23 Total
Workstream Mapping	£m	£m	£m
Public Health	0.0	0.1	0.1
Vaccinations	0.8	0.7	1.5
Workforce and Capacity	5.9	1.6	7.6
PPE, Equipment and IPC	0.9	0.2	1.1
Social Care and Community Cap	16.8	6.7	23.5
Primary Care	0.6	0.2	0.9
Miscellaneous	0.8	0.1	0.9
Total Covid Costs - IJB	25.8	9.6	35.6

The forecast spend for the IJB's is £35.6m, this is a reduction of £11.4m 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 £35.6m is split £6.6m for Health and £29.0m 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. 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.

A further update received on the 16th of January 2023 set out the figures to be reclaimed in February with a final reconciliation to be carried out at year end to ensure that the funding retained is in line with the actual expenditure.

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The Month 9 Revenue Position

Month 9 Position- Overall Position



Financial Performance – Month 9

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

Area	Pays, Non Pays Position	Unachieved Savings	Final reported Position
	£m	£m	£m
Acute	(10.79)	(17.16)	(27.95)
Partnerships	0.00	0.00	0.00
Corporate Departments	1.72	(7.94)	(6.22)
Financial Position at 31st December 2022	(9.07)	(25.10)	(34.17)

As outlined above, the Board recorded a deficit of £34.17m at 31st December 2022. (Month 8 reported £34.56m)

The deficit is made up of the following:-

- Unachieved savings of £25.10m
- Pay and non-pay overspend of £9.07m. Acute is overspent by £10.79m offset by underspends in Corporate.
- The total expenditure on remobilisation and delivery of services due to COVID-19 of £49.88m, funding has been included to cover these costs
- Position includes £64.16m 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	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	0.5	1.9	2.4	0.3	2.7	20.7	(18.0)	30th November 2022
East Dunbartonshire	3.2	3.3	6.6	3.1	9.7	27.0	(17.3)	30th November 2022
*Glasgow	94.2	52.6	146.8	28.6	175.4	175.4	0.0	31st March 2022
Inverclyde	1.7	11.7	13.4	2.0	15.4	28.3	(12.9)	31st October 2022
Renfrewshire	24.8	13.0	37.7	5.8	43.5	51.0	(7.5)	30th November 2022
West Dunbartonshire	6.8	9.2	16.0	5.3	21.4	34.6	(13.2)	30th September 2022
Total	131.2	91.8	222.9	45.1	268.0	336.9	(68.9)	
2021/22	194.1	99.4	293.6	43.3	336.9			
Movement	(62.9)	(7.7)	(70.7)	1.8	(68.9)			

*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 and Renfrewshire, reflect a zero balance on the Covid-19 reserves. It is expected that there will be further movement on the reserves as the year progresses.

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.

Sustainability and Value Programme (SVP)



The Sustainability and Value Programme (SVP) – Month FY22-23 Month 9

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.

Month 9 Position

On a full year recurring basis savings of £38.76m has been achieved as at Month 9, this is an improvement of £14.1m from Month 8. On a current year effect basis £137.91m has been achieved, this is an improvement of £10.3m on the position reported in Month 8.

The significant improvement of the levels of savings achieved as of Month 9 has been assisted by a further £14m in recurring savings and £5.05m in non-recurring savings identified and released from the wider financial plan in addition to those achieved from directorates and sectors.

Forecast

The forecast FYE position for Month 9 is **£41.75m**, this is an improvement from Month 8 of £11.32m. The CYE forecast is now £139.72m an improvement of £9.73m on last month. This forecast adjusts for the level of savings considered to be at high risk. The current high risk projects are being evaluated to determine if any of these projects can be delivered in part or in full for the remaining months

Month 9 has seen an overall improvement in our position in both recurring and non-recurring areas. This has been greatly aided by the identification of funds from the current financial plan. In addition to this and despite significant operational pressures there were also reasonable savings delivered from the formal plans and projects underway in Month 9.

The remaining 3 months of the year will be focused on maximising the total value of savings delivered and addressing and mitigating risks within the current programme.

It remains imperative that every effort is made to realise the targeted recurring savings in 2022/23.

Capital Position



Capital Expenditure – Month 9 December 2022

Total Gross Capital Expenditure to date	: £39.9m (41% of plan)
Annual Capital Budget at 31/12/22	: £98m
Balance of Capital Expenditure to be incurred	: £58.1m
Total Expenditure Committed	: £79.4m (81%)
Uncommitted Balance	: £18.6m (19%)
* Committed [Expenditure incurred + Orders placed]	

Total gross capital expenditure incurred to 31st December 2022 is £39.9m amounting to 41% of the annual plan (of £98m). This leaves a balance of £58.1m to be incurred by 31st March 2023.

£79.4m of the planned expenditure has been committed to date (Goods or services ordered or received) leaving an uncommitted balance of £18.6m

The capital funding available increased by £0.3m in month from £97.7m to £98.0m due to increase in revenue budget transfers of £2.2m, SG funded rectification works £0.4m off set by re-profiling of the Glasgow NE Health Centre to 2023/24 £1.7m and £0.6m due to a delay in the Clydebank Health Centre sale.

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Capital Expenditure – to 31st December 2022 : £39.9m

Main areas of Expenditure as below:

- £13.7m in relation to building work at the new Glasgow North East Health Centre and works to other Health Centres.
- £5.2m 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 upgrade
- £5.0m: Building works to Glasgow HSCP's to address Primary Care Improvement Plan requirements
- £7.1m: Medical Equipment replacement
- £3.1m: Radiotherapy Equipment Replacement Programme (Linear Accelerator)
- £1.7m: e-Health device replacement programme & PACS Server Upgrade
- £2.5m: Minor works and other small capital schemes.
- £0.8m: Other Corporate schemes (GP Loans, Feasibility Studies)
- £0.8m: Scottish Govt. Funded Backlog Maintenance Programme



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Forecast Disposals : (NBV Accrues to Capital Funding)

Asset	Est Year	Est Receipt	NBV
Established			
Former Clydebank HC	2023/24	£ 0.71m	£3.04m *
Dykebar Land	2023/24	£10.00m	£0.71m
In progress			
Cathcart Centre Greenock	2023/24	£ 0.25m	£0.25m
Pollokshaws Clinic Land	2023/24	£ 0.06m	£0.06m
Dumbarton Cottage Hospital	2023/24	£ 0.03m	£0.03m
Future Years			
Lennox Castle Land Phase 2	2024/25	£ 2.00m	£0.35m
Lennox Castle Phases 3 & 4	2024/25 →	Not available	£1.55m
Stoneyetts Phase 2	2024/25 →	Not available	£ -
Yorkhill : Queen Mother's Hospital	2024/25 →	Not available	£0.23m
Yorkhill : RHC	2024/25 →	Not available	£2.58m

*Clydebank HC Sale moved to 2023/24 : Asset will be impaired by £2.44m leaving NBV of £0.6m



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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 **£15.6m** at month 9. This is a reduction of £62.8m of which £26.0m is as a result of the extensive covid exit planning that has been taking place with a further £36.8m 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	Movement Fin Plan v Month 9 £m's
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Total Deficit	78.4	59.4	37.9	30.9	27.8	15.6	62.8

There is no longer a funding gap for Covid-19 expenditure, due to the overall costs being in line with the £61.6m financial envelope available. Additional receipts anticipated in relation to the New Medicine fund and a reduction in CNORIS costs have resulted in the forecast movement in the core deficit from month 8 to month 9.

A number of the actions set out within the recovery plan, submitted to SG, have been implemented which has resulted in the £36.8m reduction in the core deficit however further work is essential to reduce this position further.

The month 9 forecast deficit of £15.6m 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 £15.6m 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 9

The purpose of this report is to provide the Board with a Month 9 financial update.

At 31st December 2022 the Board's financial ledger highlights a year to date overspend of £34.17m attributed to unachieved savings £25.10m, inclusive of £64.16m non recurring relief. The pay and non-pay overspend is £9.07m. Acute is overspent by £10.79m offset by underspends in Corporate of £1.72m.

In terms of FIP, whilst there has been a good delivery of savings within the first nine months of the year, with £41.75m forecast against the £50m target. Focussed attention is required to mature further recurring and non-recurring opportunities to close the gap.

Total capital expenditure incurred to 31st December 2022 is £39.9m. This amounts to 41.0% of the plan (of £98.0m) leaving a balance of £58.1m to be incurred by 31st March 2023. At month 9, 81% of the total capital allocation has firm orders or incurred spend and this will be kept under close review over the remaining 3 months of the year.

2022/23

The Boards deficit has reduced from the £78.4m which was approved by the Board on the 23rd of August 2022 to **£15.6m** at month 9. This is a reduction of £62.8m of which £26.0m is a result of the extensive covid exit planning that has been taking place with a further £36.8m 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.



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 £15.6m down further. We were successful, earlier in the year, in meeting the first requirement to get back the March 2022 Financial position of £51.5m and are now progressing with the final element of the financial challenge in 2022/23.

In summary, Members are asked to ;

- i) Note the revenue position at Month 9
- ii) Note the Month 9 position for Sustainability and Value and progress for 2022/23
- iii) Note the capital position at Month 9; and
- iv) Note the 2022/23 Position.

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