

NHS Greater Glasgow and Clyde	Paper No. 22/10
Meeting:	Board Meeting
Meeting Date:	22 February 2022
Title:	Finance Report
Sponsoring Director:	Mark White, Director of Finance
Report Author:	Mark White, Director of Finance

1. Purpose

The purpose of this report is to: to provide the Board with the Month 9 financial position, including the position of the Financial Improvement Programme (FIP), the forecast Covid-19 expenditure for 2021/22, and the projected year-end position.

The format of the report covers;

- i) Executive Summary
- ii) The Month 9 revenue position and outlook
- iii) The Month 9 FIP position
- iv) The Month 9 capital position
- v) 2021/22 Projection
- vi) Conclusion

2. Executive Summary

The paper can be summarised as follows:

Month 9 Position

At 31st December 2021 the Board's financial ledger highlights an overspend of £12.6m. This is attributable to unachieved savings.

The direct COVID-19 expenditure for the 9 months of the year has been covered by the allocations that have been received from Scottish Government.

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The key impact of COVID-19 can be summarised as;

- Direct expenditure on remobilisation and delivery of services due to COVID-19 of £115.6m (£104.8m for the Board and £10.8m for the Health costs within the IJBs).
- Unachieved savings due to the focus and effort on COVID-19 delivery of £46.95m (£46.8m relates to the Board and £0.05m relates to the IJB's)

Financial Improvement Programme

The Financial Improvement Programme has achieved at 31st December 2021, on a full year basis £25.5m against the £45m target, an increase of £5.6m on a recurring basis on the prior month. This represents 56.3% of the overall target achieved at Month 9.

To date there are 290 schemes delivering the £25.5m with another £2.7m due for delivery in year. There are a further 37 schemes in the pipeline with a potential to deliver another £2.64m on a recurring basis. This provides an overall value of projects of £30.92m which represents 68.5% of the £45m target.

Year end Projection

Current projections indicate financial break-even in-year is likely, however the level of the underlying recurring deficit is likely to have increased significantly. Addressing this will be the primary objective of the 2022/23 Financial Plan.

Capital Position

The current forecast core capital resources available to the Board for investment in 2021/22 amount to just under £97.4m. This is an increase on the £89.7m reported last month mainly due to an additional £6.7m of funding being received from Scottish Government, with £5.2 for National Infrastructure Equipment Replacement funds and also an increase in revenue to capital transfer relating to equipment purchases.

*Capital Finance are working with budget holders to ensure that committed orders are completed and that uncommitted balances are addressed. The Board are predicting the Capital Resource Limit will be achieved.

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 with the FIP;
- iii) Note the capital position at Month 9; and
- iv) The projections to the year end.

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 report has been previously presented and scrutinised by the 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

Date prepared: 15 February 2022

Date issued: 15 February 2022

Mark White
Director of Finance

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***NHSGGC – Month 9 Finance Report
Board
February 2022(Paper 22/10)***



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 Financial Improvement Programme (FIP) and capital for 21/22.

The format of the report covers;

- i) Executive Summary (page 3)
- ii) The Month 9 revenue position and outlook (pages 4-8)
- iii) The Month 9 FIP position (pages 9-10)
- iv) The Month 9 capital position (pages 11-13)
- v) 2021/22 Projection (pages 14-15)
- vi) Conclusion (pages 16-18)

Members are asked to ;

- i) Note the revenue position at Month 9;
- ii) Note the Month 9 position with the FIP; and
- iii) Note the capital position at Month 9.

This report was presented and discussed at the Finance, Planning and Performance Committee on the 15th February 2022.



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2021/22 Current Position



At 31st December 2021 the Board's financial ledger highlights an overspend of £12.6m. This is wholly attributable to unachieved savings.

The direct COVID-19 expenditure for the 9 months of the year has been covered by the allocations that have been received from Scottish Government.

The key impact of COVID-19 can be summarised as;

- Direct expenditure on remobilisation and delivery of services due to COVID-19 of £115.6m (£104.8m for the Board and £10.8m for the Health costs within the IJBs).
- Unachieved savings due to the focus and effort on COVID-19 delivery of £46.95m (£46.8m relates to the Board and £0.05m relates to the IJB's)

The Board has now been allocated £65.5m in two tranches of general COVID-19 related funding, with further allocations for COVID-19 vaccinations £30.7m, Test and Protect £20.9m and £0.3m for PPE. This general allocation does include any funding for unachieved savings as a result of COVID-19, confirmation has now been received that this cost will be funded. For month 9 we have assumed non recurring savings relief of £46.8m.

The IJB's also received an allocation in October based on the Quarter 1 return less any reserves. They received £11.6m for general COVID-19 related funding, with further allocations for COVID-19 vaccinations £0.1m, Test and Protect £0.7m and £0.8m for PPE.

The Quarter 3 submission is still being finalised with Scottish Government. It is expected that there will be a further allocation in February based on this return for the remaining COVID-19 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 2021.



Area	Pays, Non Pays Position	Unachieved Savings	Final reported Position
	£m	£m	£m
Acute	2.2	(17.4)	(15.2)
Partnerships	(0.0)	0.0	(0.0)
Corporate Departments	6.0	(3.4)	2.6
Financial Position at 31st December 2021	8.2	(20.8)	(12.6)

As outlined above, the Board recorded a deficit of £12.6m at 31st December 2021. This includes an assumption that all COVID-19 costs are funded by Scottish Government including unachieved savings.

The overspend is due to unachieved savings of £20.8m offset by underspends within Acute and the Corporate departments. The Corporate figure includes £46.8m of COVID-19 unachieved savings relief and other non recurring savings of circa £30m which has improved the position in comparison to the previous month.

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Month 9 Position – Acute Services

Financial Performance – Month 9 (Cont'd)



The Acute Division is reporting an overspend at Month 9 of £15.2m. As can be seen in the table below. All COVID-19 costs of £38.4m year to date are fully funded.

Overall, Pays have an underspend of £4.4m and Non Pay is £2.2m overspent. Despite pays being underspent there is still a significant pressure of £4.9m in Junior Doctors. The action plan for junior doctors is progressing.

There is a non pay overspend of £2.2m, a small increase from £2.1m in Month 8. Pressures still remain in Purchase of Healthcare for 'Out of Area Beds' and Diagnostic Reporting of £1.3m and in Other Therapeutic Supplies of £1.0m which is mainly related to Interventional Neuro Radiology and Interventional Radiology supplies.

The FIP position within the Acute Division reports £17.4m of unachieved savings.

Acute	Pay	Non Pay	FIP	21/22 Month 9 Total	20/21 Month 12 Total
	£m	£m	£m	£m	£m
South Sector	1.9	(0.6)	(4.3)	(3.0)	0.9
North Sector	(1.9)	(0.2)	(3.2)	(5.3)	(0.9)
Clyde Sector	(0.1)	0.2	(1.5)	(1.4)	0.0
Diagnostics Directorate	2.7	(0.8)	(2.7)	(0.9)	1.8
Regional Services	1.8	(0.0)	(3.9)	(2.2)	(1.3)
Women & Childrens Services	(0.0)	(0.7)	(3.2)	(3.9)	0.0
Directorate Totals	4.4	(2.2)	(18.8)	(16.6)	0.4
Acute Corporate	0.1	(0.0)	1.4	1.4	(0.0)
Acute Expenditure Totals	4.4	(2.2)	(17.4)	(15.2)	0.4
Income (Under)/Over Recovery	0.0	0.0	0.0	0.0	0.0
Acute Total	4.4	(2.2)	(17.4)	(15.2)	0.4

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Financial Performance – Month 9 (Cont'd)

Partnerships reported an overall breakeven position on the Health element of their budgets as at 31st December 2021. Breakdown by each HSCP can be seen below.



HSCP	Annual Budget	YTD Budget	YTD Actuals	YTD Variance
	£m	£m	£m	£m
Glasgow City	793.2	578.6	575.1	3.5
East Dunbartonshire	99.8	70.1	70.1	0.0
East Renfrewshire	80.0	61.7	61.5	0.1
Inverclyde	102.8	71.2	71.2	(0.0)
Renfrewshire	192.0	140.4	139.5	0.9
West Dunbartonshire	103.9	76.3	76.3	0.0
Total HSCPs	1,371.6	998.1	993.5	4.5
Other Partnerships Budgets	28.1	12.3	16.8	(4.5)
Total Partnerships	1,399.7	1,010.4	1,010.4	(0.0)

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Financial Performance – Month 9 (Cont'd)

Corporate Directorates are reporting an underspend at Month 9 of £2.6m compared to an overspend at month 8 of £13.6m. The main movement from last month is that additional non recurring savings have been factored in resulting in unachieved savings reducing to an overspend of £4.9m compared to £19.1m in month 8.

All areas are reporting underspends in month with the exception of Corporate Affairs which has a small overspend, largely due to legal fees which is offset by underspends in other areas.

Breakdown by Corporate Directorates can be seen in the table below.

Corporate Director Summary	Annual Budget	YTD Budget	YTD Actual	YTD Variance
	£m	£m	£m	£m
Board Medical Director	53.3	36.0	35.3	0.7
Centre For Population Health	1.3	0.6	0.6	0.0
Corporate Affairs	7.7	4.8	5.1	(0.2)
Corporate Communications	1.6	1.2	1.0	0.2
Director of eHealth	89.2	62.0	62.0	0.0
Director of Finance	16.8	12.2	9.3	3.0
Director of Human Resources	21.1	14.8	13.9	0.9
Director of Nursing	8.8	5.8	5.5	0.3
Director of Public Health	19.5	16.0	15.1	1.0
Other Corporate Expenditure	251.3	74.3	72.6	1.7
Estates and Facilities	290.5	222.0	221.9	0.0
Total Corporate Directorates	761.2	449.8	442.3	7.5
Unallocated Savings	(107.2)	(4.9)		(4.9)
Total Corporate	654.0	444.8	442.3	2.6



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Financial Improvement Programme (FIP)

The Financial Improvement Programme (FIP) – Month 9



On a full year basis £25.49m has been achieved at Month 9 compared to £19.88m the previous month, an increase of £5.6m on a recurring basis. This represents 56.3% achievement of the target for the year to date. There are 290 schemes currently delivering, with a total value of £28.28m. Of this, £2.7m will be delivered in the remaining months of the year.

There are a further 37 schemes that have been classified as potential projects which gives an estimated pipeline value £2.64m on a recurring basis. This provides an overall value of projects of £30.92m / 68.5% of the target. This compares to the £25.68m / 56.7% reported in the previous month.

Given the current operational pressures and the limited time remaining in the year projects have been reviewed on both their current status and their deliverability and the forecast for the remainder of the year has been revised accordingly.

Based on this work a revised forecast year end position has been calculated at £30.25m.

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Capital Position

The 2021/22 Capital Position – Month 9

The Board currently has £97.4m of planned capital resources for 2021/22 as follows:

- i) The Board's share of national capital funding for 2021/22, made available on a formula basis to all Health Boards: £37.4m
- ii) Ring-fenced funding for specific projects; £51.7m
- iii) The capital (Net Book Value) element of asset disposals where it has been agreed that the Board can retain proceeds for local use. £1.4m (Greenock HC, Waverley Park & Minor Equipment Disposals)
- iv) Non SGHSCD Revenue funding transferred to capital £5.1m
- v) Centrally funded (out-with the CRL) Decarbonisation schemes £1.7m

The current forecast of core capital resources available to the Board for investment in 2021/22 at month 9 amounts to £97.4m. Whilst there remains significant spend in the final quarter, the Board are predicting achievement of the Capital Resource Limit at 31st March 2022.



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The major areas of spend include:

- i) £3.1m to progress the refurbishment of Ward accommodation at Level 6, GGH.
- ii) At GRI, continued investment in Endoscopy ventilation, together with HEI upgrade works at Theatre E.
- iii) At the QEUH campus, investment to ensure completion of all required ventilation upgrades and rectification work at Ward 2A RHC, together with progressing HEI upgrade works within Ward 63 of the INS.
- iv) To ensure delivery of the Clyde Trauma Strategy, investment at RAH includes the new Trauma Assessment Unit (£0.9m), the recently completed upgrade to Ward 22 (£0.5m), and the completion of the installation of Laminar Flow within Theatre 5 (£0.7m). At IRH, £1.7m investment is also being made in respect of Laminar Flow in Theatre 6.
- v) £1.7m to progress the development of a Sexual Assault Referral Centre at William Street, and associated accommodation, which was carried over from last year.
- vi) An overall allocation of £7.2m in respect of Medical Equipment replacement – split between emergency replacement and a planned general replacement programme.
- vii) An amount of £8.3m has been set aside for investment in e-Health priorities, including PACs and a replacement Laboratory Information System (LIMS).
- viii) In addition to the ring-fenced funding set aside for the development of the North East Glasgow Hub, separate provision has been made in respect of the initial equipping requirements of the new Clydebank Health Centre
- ix) A budget of £9.9m is currently included under Corporate schemes for local minor works projects. Similar to previous years, this allocation has largely been delegated to the Director of Estates and Facilities to address the top Building Infrastructure and Backlog maintenance priorities.

2021/22 Projection

2021/22 Projection



In terms of 2021/22, the landscape still remains somewhat uncertain, as the impact and costs associated with managing COVID-19 and the new variant remain a challenge. This includes the vaccination programme, continued testing and the impact on staffing and service delivery.

The financial plan submitted on the 30th of June outlined a deficit of £25.8m.

However, the FIP has been remobilised and the Board will endeavour to maximise the level of recurring savings. This, coupled with non-recurring funds, means the £25.8m presents an acceptable level of risk for the Financial Plan at this stage. Current projections indicate financial break-even in-year is achievable, although the level of inherent risk is medium and is dependant on the remaining FIP projects delivering as forecast.

COVID-19 Funding

Funding as mentioned earlier has been given to the board of £117.4m. The Scottish Government plan to review the Quarter 3 submission and we expect to receive a further allocation in February to recover the remaining costs. It is anticipate that all direct expenditure and unachieved savings impacted by COVID-19 will be fully funded.

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Conclusion

Conclusion

2021/22

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

At 31st December 2021 the Board's financial ledger highlights and overspend of £12.6m. This is wholly attributable to unachieved savings of £20.8m offset by underspends in other areas.

The direct COVID-19 expenditure for the first 9 months of the year has been covered by the allocations received from the Scottish Government a total of £117.4m.

The IJB's also received an allocation in October of £13.2m based on the Quarter 1 costs less any reserves.

There will be a further COVID-19 allocation after the Quarter 3 submission to cover all remaining costs. This allocation should include funding for unachieved savings as a result of COVID-19, as confirmation has now been received that this cost will be funded.

In terms of FIP progress, on a full year basis £25.5m has been achieved at 31st December 2021. There are currently 290 active schemes, of which another £2.7m is due for delivery in year. There are a further 37 schemes in the pipeline with a potential to deliver another £2.6m on a recurring basis. This provides an overall value of projects of £30.9m which represents 56.7% of the £45m target.



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Conclusion (Cont'd)



An revised financial plan for 2021/22 was submitted to Scottish Government in June 2021 which outlined a deficit of £25.8m. However, the FIP have been remobilised and the Board will endeavour to maximise the level of recurring savings, at the same time as maximising the use of any non recurring funds available and offsetting COVID-19 funding received from the Scottish Government.

Current projections indicate financial break-even in-year is likely, however the level of the underlying recurring deficit is likely to have increased significantly. Addressing this will be the primary objective of the 2022/23 Financial Plan.

In summary, Members are asked to ;

- i) Note the revenue position at Month 9;
- ii) Note the Month 9 position with the FIP;
- iii) Note the capital position at Month 9; and
- iv) Note the projection to the year-end.

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