

NHS Greater Glasgow and Clyde	Paper No. 24/76
Meeting:	NHSGGC Board Meeting
Meeting Date:	25 June 2024
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: 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 12 Revenue position (pages 4-5)
- iii) The Month 12 Sustainability and Value position and the progress for 24/25 (pages 6-10)
- iv) The Month 12 Capital position (pages 11-14)
- v) 2023/24 year end position (pages 15-16)
- vi) Conclusion (pages 17-18)

2. Executive Summary

The paper can be summarised as follows:

Month 12 Position

At 31st March 2024 the Board's financial ledger highlights an underspend of £0.48m attributed to unachieved savings of £0.26m and a pay and non-pay underspend of £0.74m. Acute is overspent by £32.01m and Corporate areas are underspent by £31.72m for pay and non-pay. Partnerships has a pay and non-pay underspend of £1.02m, albeit it should be recognised that utilisation of reserves is required to achieve this position.

Sustainability and Value

2023/24 position

In terms of Sustainability and Value, £52.0m has been achieved on a full year recurring basis. On an in year basis (recurring and non-recurring) £190.9m has been achieved. This is in line with the forecast and ensures there is no increase to the recurring deficit carried forward into 2024/25 that has been highlighted in the financial plan for 2024/25.

2024/25 position

Initial plans have been submitted for £100.9m. This position indicates that significant work is required to progress mitigating the full level of financial challenge of £226.9m for 2024/25.

Capital Expenditure

Total capital expenditure incurred to 31st of March 2024 is £93.7m, this amounts to 100% of the plan. The closing Capital Resource Limit (CRL) is £92.3m with 100% of CRL achieved at 31st March 2024

2023/24 Year End Position

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. The deficit position has continually been reviewed throughout the year with good progress being made to reduce this gap. NHSGGC has out turned a provisional surplus of **£0.48m** at year end. This is still subject to year-end audit and therefore may change. As noted in the Month 12 position partnerships did break-even, however East Renfrewshire had pressures within health and social care elements without sufficient reserves to cover therefore support was provided by NHSGGC and the Local Authority respectively following a process of review to support these in 2023/24.

The impact of the new vacancy approval process and the restriction on discretionary spend has been beneficial in helping NHSGGC reach a break even position along with previous notification from Scottish Government about additional funding from UK consequentials (£150m Nationally, NHSGGC Share c£33m) and a reduction in CNORIS charges (£35m Nationally, NHSGGC Share £9.2m). The full value of the consequentials funding is not required for 2023/24, which will allow some flexibility moving into 2024/25.

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 2024/25
- iii) Note the capital position at Month 12; and
- iv) Note the 2023/24 year end 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 | <u>Positive</u> impact |
| • Better Care | <u>Positive</u> impact |
| • Better Value | <u>Positive</u> impact |
| • Better Workplace | <u>Positive</u> impact |
| • Equality & Diversity | <u>Positive</u> impact |
| • Environment | <u>Positive</u> 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

Prepared on 13 June 2024

Issued on 18 June 2024

NHSGGC- Month 12 Finance Report

Board Meeting

25th June 2024



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 Programmes for 2023/24

The format of the report covers;

- i) Executive Summary (page 3)
- ii) The Month 12 Revenue position (pages 4-5)
- iii) The Month 12 Sustainability and Value position and the progress for 24/25 (pages 6-10)
- iv) The Month 12 Capital position (pages 11-14)
- v) 2023/24 year end position (pages 15-16)
- vi) Conclusion (pages 17-18)

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 24/25
- iii) Note the capital position at Month 12;
- iv) Note the 2023/24 year end position.

Executive Summary

2023/24 Year End Position

At 31st March 2024 the Board's financial ledger highlights a surplus of £0.48m.

- The surplus is made up of the following:-
 - Pay and non-pay underspend of £0.74m. Acute is overspent by £32.01m and Corporate areas are underspent by £31.72m. Partnerships has a pay and non pay underspend of £1.02m
 - Unachieved savings at month 12 amount to £0.26m, all within partnerships.

Please note these figures are currently provisional and are subject to year end audit.

2024/25

The Board approved the Finance Plan on the 30th of April 2024 with a deficit of £48.3m and an overall financial challenge of £226.9m. Work will progress throughout the year to address the financial challenge.

Month 12 Revenue Position

Month 12 - Overall Position

Financial Performance – Month 12

This section of the report provides analysis of the financial position as at 31st March 2024.

Area	Annual Budget	Pays, Non Pays Position	Unachieved Savings	Final reported Position	% of annual budget
	£m	£m	£m	£m	%
Acute	1,984.25	(32.01)	(30.27)	(62.27)	(3.1%)
Partnerships	1,658.47	1.02	(0.26)	0.76	0.0%
Corporate Departments	774.98	31.72	30.27	61.99	8.0%
Financial Position at 31st March 2024	4,417.71	0.74	(0.26)	0.48	0.0%

As outlined above, the Board recorded a surplus of £0.48m at 31st March 2024. (Month 11 reported a deficit of £8.36m). This is against an annual budget of c£4.4 billion.

The surplus is made up of the following:-

- Pay and non-pay underspend of £0.74m. Acute is overspent by £32.01m and Corporate areas are underspent by £31.72m. Partnerships has a pay and non pay underspend of £1.02m
- Unachieved savings at month 12 amount to £0.26m all of these are within partnerships.

The figures above are subject to year end audit.

Sustainability and Value

Sustainability and Value Programme

The Sustainability and Value Programme (SVP) – Month 12

The overall financial position as of month 12 shows achievement of £52.0m / 69.3% on a recurring basis against the £75m target and £190.9m / 100% on an in-year basis achieved against the overall target of £190.9m

The year end position shows that the Board has achieved the minimum forecast recurring position of £52m and on a recurring and non-recurring basis has addressed the overall £190.9m financial challenge. This means that the recurring deficit carried forward into 2024/25 is £138.9m, which is in line with the assumption within the financial plan for 2024/25.

The Board has achieved a breakeven position against the overall £190.9m challenge due to receiving additional non-recurring consequential funding from Scottish Government.

Acute

The Acute division achieved 24.2% of their assigned recurring targets with Regional recording the highest percentage of savings at 68.3% which was a reasonably positive achievement given the operational pressures the Acute division faced throughout the year.

On a non recurring basis 48.3% 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 65.1% of the allocated targets. Finance, eHealth, 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 the corporate areas significantly over achieved, achieving 151.2% against the allocated targets. This helped to assist with achieving financial balance in year.

Sustainability and Value Programme (S&V)



2024/25 Month 1 position

The draft position as of Month 1 indicated achievement of £2.9m / 1.3% on a recurring basis and £53.2m / 23.4% on an in-year basis achieved against the overall financial challenge of £226.9m. This includes non recurring funding of £50m.

2024/25 Forecast Position

As at Month 1 we currently have £68.4m in non-recurring savings and £20.8m in recurring savings identified by the sectors and directorates as part of the normal S&V programme. All areas have been tasked with identifying 50% of savings by the 31st of May as an initial minimum value.

To address the scale of the 2024/25 financial challenge a number of organisational wide Senior Responsible Officer (SRO) lead programmes of work have been commissioned. At month 1 £22.95m has been targeted on a FYE basis across areas such as physical infrastructure, Income, Supplies, Workforce and Digital with a further £9.8m identified on an in year basis. This will focus on overarching projects to maximise the savings returned, while the local programmes continue to drive grip and control. It is anticipated that these will expand further in the coming weeks and generate a higher level of targeted savings initiatives. The IJB elements will be recorded in local plans.

Sustainability and Value Programme

2024/25 Forecast Position (continued)

The table below shows the combined value of all known projects and workstreams, to date we have initial plans for £100.9m / 44.4% against the overall financial challenge. This leaves a gap of £126m with further work ongoing to mitigate this position further.

This is based on full delivery of the current combined pipeline of projects and further illustrates the need for further growth in our plans given this forecast assumes no overspends across the organisation and that all pressures are mitigated.

There will be slippage due to phasing with a number of these targets and hence the true gap is likely to be higher and will be factored into month 2 formal figures.

Overall pipeline value (early month 1 draft)

Area of Delivery	Total Planned (£000's)
Sector and Directorate Plans	£20,700
Key Workstream (PIDs)	£22,953
Key Workstream (PIDs) non recurring	£7,200
Non Recurring Savings	£50,000
Total Month 1	£100,853
Financial Challenge	(226,900)
Gap	(126,047)

Sustainability and Value Programme

S&V Summary

The Month1 position is behind targeted requirement and immediate remedial action is being progressed.

The wider pipeline of identified savings also requires further expansion at pace.

The S&V Board is undertaking weekly reviews of all aspects of the plan in support of the wider actions required:

- All areas to ensure continued development of local schemes and further mandate delivery.
- Deadline of 31st of May 2024 for all areas to have submitted mandates for a minimum of 50% of plans.
- Workstream progression requires update on actions, delivery timelines and value of scope as this has not formally progressed via information flows to S&V Board across a range of areas.
- Escalation process has commenced for areas with low performance against targets, initial focus will be on those areas with the lowest levels of target identified.
- Further communications and engagement with all staff groups and stakeholders.

Capital Position



Capital Position

Capital Expenditure - Month 12 - March 2024

Total Net Capital Expenditure to date	: £93.7m (100% of plan)
Annual Capital Budget at 31/03/2024	: £93.7m
Balance of Budgeted Cap. Ex. to be incurred	: £0m

Total capital expenditure incurred to 31st March 2024 is £93.7m amounting to 100% of the annual plan.

The annual core capital funding has decreased from £98.8m last month to £93.7m as at the 31st March 2024. It has reduced by £4.1m the month as follows:

• Gross Capital Funding 29th February 2024	<u>£98.8m</u>
• Additional QEUH Rectification Works	+£0.1m
• Thrombectomy Suite	+£0.1m
• Re-Profile NE Hub Funding	(£0.6m)
• Hub Capital Repayment Adjustment	(£0.1m)
• Transferred back to Revenue Budgets to support classification	(£4.6m)
• Net Capital Funding 31st March 2024	<u>£93.7m</u>

The closing Capital Resource Limit (CRL) is £92.3m with 100% of CRL achieved at 31st March 2024.

Capital Position

Capital Expenditure – to 31st March 2024 : £93.7m

Main areas of Expenditure as below:

- £33.4m : Glasgow North East Health & Social Care Centre.
- £ 0.3m : Bishopston Heath Centre (New Build)

- £17.8m of expenditure has been incurred on hospital site based schemes.
 - QEUH : Waste hold doors replacement programme
 - QEUH : Rectifications: Atrium, Chilled Water, Fire Safety, Ext Glazing, Manifold
 - QEUH : Children's Roof Garden Remediation. Minor Injuries Unit Cabin.
 - QEUH : Children's Roof Garden Remediation
 - INS : New Thrombectomy Suite
 - INS : Ward 62 Upgrade
 - Gartnavel : Radionuclide Dispensary relocation

- £ 7.3m: Minor Works Schemes
- £ 2.0m : Decarbonisation Grant Energy Schemes
- £ 1.2m: PCIP Works to Glasgow Health Centres
- £ 0.7m: PCIP Works to Renfrewshire Health Centres

Capital Position

Capital Expenditure – to 31st March 2024 : £93.7m

Main areas of Expenditure as below:

- £ 0.3m William Street Clinic Upgrade Phase II
- £18.1m Medical Equipment Replacement
- £ 5.2m eHealth
- £ 1.0m Radiotherapy Equipment Replacement Programme
- £ 0.7m Facilities : RAH Kitchens Upgrade
- £ 1.8m Facilities Equipment
- £ 0.6m Switched on Fleets : Electric Vehicle Infrastructure
- £ 0.7m Corporate : GP Loans Issued

2023/24 Year End Position

2023/24 Year End Position

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 was that recurring savings of £75m would be achieved in 2023/24 and there would 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.

The deficit position has continually been reviewed throughout the year with good progress being made to reduce this gap as can be seen in the table below. NHSGGC has out turned a provisional surplus of **£0.48m** at year end. This is still subject to year end audit. As noted in the Month 12 position partnerships did break-even, however East Renfrewshire had pressures within health and social care elements without sufficient reserves to cover therefore support was provided by NHSGGC, of c£2.1m for the health element, and funding was provided by the Local Authority for the social care element following a process of review to support these in 2023/24.

The impact of the new vacancy approval process and the restriction on discretionary spend has been beneficial in helping NHSGGC reach a break even position along with previous notification from Scottish Government about additional funding from UK consequentials (£150m Nationally, NHSGGC Share c£33m) and a reduction in CNORIS charges (£35m Nationally, NHSGGC Share £9.2m).

The full value of the consequentials funding is not required for 2023/24, which will allow some flexibility moving into 2024/25.

Board Finance Plan	Fin Plan April 23	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	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	£m's	£m's
Core (Deficit)	(71.1)	(53.3)	(53.3)	(46.4)	(41.9)	(38.2)	(32.8)	(25.6)	0.0	0.0	0.48	(71.58)
Total Deficit	(71.1)	(53.3)	(53.3)	(46.4)	(41.9)	(38.2)	(32.8)	(25.6)	0.0	0.0	0.48	(71.58)

The forecast of £52m recurring savings has been achieved which ensures we do not have an increased brought forward recurring deficit figure than that included in the approved financial plan for 2024/25.

Conclusion

Conclusion

2023/24 Month 12

At 31st March 2024 the Board's financial ledger highlights an underspend of £0.48m attributed to unachieved savings of £0.26m and a pay and non-pay underspend of £0.74m. Acute is overspent by £32.01m and Corporate areas are underspent by £31.72m for pay and non-pay. Partnerships has a pay and non pay underspend of £1.02m

In terms of Sustainability and Value, £52.0m has been achieved on a full year recurring basis. On an in year basis (recurring and non-recurring) £190.9m has been achieved. This is in line with the forecast and ensures there is no increase to the recurring deficit carried forward into 2024/25 that has been highlighted in the financial plan.

Total capital expenditure incurred to 31st of March 2024 is £93.7m, this amounts to 100% of the plan. The closing Capital Resource Limit (CRL) is £92.3m with 100% of CRL achieved at 31st March 2024

The Boards financial position has reduced from the Finance Plan deficit of £71.1m which was approved by the Board on the 25th of April 2023 to a surplus of **£0.48m** at the end of the financial year.

2024/25

The Board approved the Finance Plan on the 30th of April 2024 with a deficit of £48.3m and an overall financial challenge of £226.9m. Work will progress throughout the year to address the financial challenge.

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 24/25
- iii) Note the capital position at Month 12; and
- iv) Note the 2023/24 year end position.