

<b>NHS Greater Glasgow and Clyde</b>	<b>Paper No. 23/88</b>
<b>Meeting:</b>	<b>Board</b>
<b>Meeting Date:</b>	<b>31st October 2023</b>
<b>Title:</b>	<b>Finance Report</b>
<b>Sponsoring Director:</b>	<b>Colin Neil, Director of Finance</b>
<b>Report Author:</b>	<b>Fiona McEwan, Assistant Director of Finance- Financial Planning &amp; Performance</b>

## 1. Purpose

**The purpose of this report is to:** provide the Board with the Month 5 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 5 revenue position (pages 4-7)
- iii) The Month 5 Sustainability and Value position and progress for 23/24 (pages 8-10)
- iv) The Month 5 capital position (pages 11-13)
- v) 2023/24 Projection (pages 14-15)
- vi) Conclusion (pages 16-17)

## 2. Executive Summary

**The paper can be summarised as follows:**

### **Month 5 Position**

At 31st August 2023 the Board is reporting an overspend of £41.48m with the majority attributed to unachieved savings of £26.02m. Pay and non-pay pressures amount to £15.45m of the overspend. Acute pay and non-pay is overspent by £14.52m and Corporate areas pay and non-pay are overspent by £1.26m. Partnerships has a pay and non-pay underspend of £0.33m, albeit it should be recognised that utilisation of reserves is required to achieve this position.

## Sustainability and Value Programme (SVP)

In terms of Sustainability and Value, £24.5m has been achieved on a recurring basis as at month 5. On an in year basis (recurring and non-recurring) £122.1m has been achieved. The forecast recurring savings at the year-end amount to £52.0m (69%) against the £75m recurring target. The value of savings needs to improve over the coming months with all sectors and directorates tasked with identifying the initial 50% of their savings.

## Capital Position

Total capital expenditure incurred to 31<sup>st</sup> August 2023 is £31.3m. This amounts to 32% of the plan (of £97.5m) leaving a balance of £66.2m to be incurred by 31st March 2024. At month 5, 66% of the total capital allocation has firm orders or incurred spend and this will be kept under close review over the next few months. At month 5 there was £1.8m of the plan still available to be allocated against capital projects.

## 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 **£46.4m**. This is a reduction of £24.7m which predominantly is a result of additional sustainability funding, new medicines funding received from Scottish Government and non-recurring opportunities, offset by current levels of pressures.

The IJB's are facing a number of significant pressures and will be continually monitored throughout the year. In line with the integration scheme if the financial situation cannot be improved NHS GGC, through discussion and review, would need to provide support for a share of any overspend that remains at year end.

The current positions across IJBs have not escalated to this level and at this stage are not anticipated to do so in 2023/24. It is however the case that close monitoring and review will need to continue to assess the mitigation and plans being established.

## 3. Recommendations

The Board is asked to consider the following recommendations:

- i) Note the revenue position at Month 5
- ii) Note the Month 5 position for Sustainability and Value and progress for 23/24
- iii) Note the capital position at Month 5; and
- iv) Note the 2023/24 projected position.

## 4. Response Required

This paper is presented for assurance.

## 5. Impact Assessment

## OFFICIAL SENSITIVE

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

20<sup>th</sup> October 2023

**NHSGGC- Month 5 Finance Report**  
*Board Meeting*  
*October 2023 (Paper 23/88)*



*Delivering better health*

[www.nhsggc.org.uk](http://www.nhsggc.org.uk)

# Purpose and Format

The purpose of this report is to provide the Finance, Planning and Performance Committee 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 5 revenue position (pages 4-7)
- iii) The Month 5 Sustainability and Value position and progress for 23/24 (pages 8-10)
- iv) The Month 5 capital position (pages 11-13)
- v) 2023/24 Projection (pages 14-15)
- vi) Conclusion (pages 16-17)

Members are asked to ;

- i) Note the revenue position at Month 5
- ii) Note the Month 5 position for Sustainability and Value and progress for 23/24
- iii) Note the capital position at Month 5; and
- iv) Note the 2023/24 projection.

# Executive Summary

## 2023/24 Current Position

At 31<sup>st</sup> August 2023 the Board's financial ledger highlights an overspend of £41.48m.

- The deficit is made up of the following:-
  - Pay and non-pay overspend of £15.45m. Acute pay and non-pay is overspent by £14.52m and Corporate areas pay and non-pay are overspent by £1.26m. Partnerships has a pay and non pay underspend of £0.33m, albeit require utilisation of reserves to attain this position.
  - Unachieved savings at month 5 amount to £26.02m.

# Month 5 Revenue Position

## Month 5 - Overall Position

### Financial Performance – Month 5

This section of the report provides analysis of the financial position as at 31<sup>st</sup> August 2023.

Area	Pays, Non Pays Position	Unachieved Savings	Final reported Position
	£m	£m	£m
Acute	(14.52)	(19.21)	(33.73)
Partnerships	0.33	(0.33)	(0.00)
Corporate Departments	(1.26)	(6.48)	(7.74)
<b>Financial Position at 31st August 2023</b>	<b>(15.45)</b>	<b>(26.02)</b>	<b>(41.48)</b>

As outlined above, the Board recorded a deficit of £41.48m at 31<sup>st</sup> August 2023. (Month 4 reported £39.57m)

The deficit is made up of the following:-

- Pay and non-pay overspend of £15.45m. Acute pay and non-pay is overspent by £14.52m and Corporate areas pay and non-pay are overspent by £1.26m. Partnerships has a pay and non pay underspend of £0.33m, albeit it should be recognised that the utilisation of reserves is required to achieve this position.
- Unachieved savings at month 5 amount to £26.02m.



# IJB Reserves

Detailed below is the current forecast reserves position for the 31<sup>st</sup> of March 2024 showing the movement from the prior year.

IJB	SG earmarked Reserves	Other Earmarked Reserves	Total Earmarked	General	Total forecasted position at 31.03.24	31.03.23	Movement	Reserves position as at
	£m	£m	£m	£m	£m	£m	£m	
East Renfrewshire	0.2	0.2	0.4	0.0	0.4	6.0	(5.6)	31st August 2023
East Dunbartonshire	7.0	7.9	14.9	2.9	17.8	20.1	(2.3)	31st July 2023
*Glasgow	16.1	39.3	55.5	26.9	82.4	82.4	0.0	31st March 2023
Inverclyde	1.6	13.9	15.5	0.7	16.2	24.3	(8.1)	30th June 2023
Renfrewshire	9.7	13.3	22.9	6.5	29.5	33.6	(4.2)	31st July 2023
West Dunbartonshire	8.3	9.7	18.0	1.4	19.4	26.2	(6.8)	31st July 2023
<b>Total</b>	<b>43.0</b>	<b>84.3</b>	<b>127.3</b>	<b>38.4</b>	<b>165.7</b>	<b>192.6</b>	<b>(26.9)</b>	
<b>2022/23</b>	<b>43.2</b>	<b>105.3</b>	<b>148.5</b>	<b>44.0</b>	<b>192.6</b>			
<b>Movement</b>	<b>(0.2)</b>	<b>(21.0)</b>	<b>(21.3)</b>	<b>(5.6)</b>	<b>(26.9)</b>			

\*Glasgow IJB do not report reserves positions until year end until the year end however the IJB financial plan sets out that the expected general reserves position at year end would be £9.7m, a reduction of £17.2m.

Further detail in relation to the other earmarked reserves can be seen on the next slide which is where £21.0m of movement is. There is significant movement on the reserves position for East Renfrewshire with only £0.4m of reserves being left at year end. They have to utilise the majority of them to deal with pressures in year.

***Delivering better health***

# IJB Other Earmarked Reserves

Detailed below is the current forecasted position for other earmarked reserves for the IJBs. Further movement is expected on the balances as we progress through the financial year.

	Forecast year end position as at						
	31st August 2023	31st July 2023	31st March 2023	30th June 2023	31st July 2023	31st July 2023	
	East Renfrewshire	East Dunbartonshire	*Glasgow	Inverclyde	Renfrewshire	West Dunbartonshire	Total 31st March 2024
	£m	£m	£m	£m	£m	£m	£m
Service Redesign and Transformation	0.0	1.1	7.7	2.1		0.7	11.7
Unscheduled Care Services						0.4	0.4
Covid-19 HSCP funded						0.4	0.4
Unachievement of Savings						0.7	0.7
Health Care	0.0			0.3		3.0	3.3
Children's & Families	0.0	0.1		2.4			2.5
Adult services	0.1	0.0					0.1
Prescribing	0.0	1.2		1.1	2.0	0.7	5.0
HSCP Funded PCIP Commitments					1.5		1.5
Social Care						3.0	3.0
Infrastructure and Premises	0.1	3.5	26.0	1.4	5.1		36.0
Digital and IT		0.5		0.2	0.3	0.2	1.3
Maximising independence			2.9				2.9
Other		1.5	2.7	6.2	4.4	0.6	15.5
<b>Total Other Earmarked Reserves as at 31st March 2024</b>	<b>0.2</b>	<b>7.9</b>	<b>39.3</b>	<b>13.9</b>	<b>13.3</b>	<b>9.7</b>	<b>84.2</b>
<b>Balance as at 31st March 2023</b>	<b>4.0</b>	<b>8.4</b>	<b>39.3</b>	<b>18.3</b>	<b>13.7</b>	<b>12.3</b>	<b>96.1</b>
<b>Movement</b>	<b>(3.8)</b>	<b>(0.5)</b>	<b>0.0</b>	<b>(4.5)</b>	<b>(0.4)</b>	<b>(2.6)</b>	<b>(11.8)</b>

\*Glasgow do not report updated reserve position until year end

# Sustainability and Value

# Sustainability and Value Programme (SVP)



## *Month 5 Position*

The Month 5 position shows that £24.5m / 32.7% (of the £75m target) has been achieved on a recurring basis and on an in year basis (recurring/non-recurring) £122.1m 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 5. These mainly relate to additional funding received from Scottish Government in relation to financial sustainability and new medicines fund.

All sectors and directorates were tasked with identify 50% of their savings target by the end of Quarter 1. Unfortunately this has still 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)

## Month 5 Forecast Position

The overall SVP forecast position as of Month 5 is £52.0m on a FYE recurring basis. This is 69% of the recurring target of £75m. On an in year basis the recurring and non-recurring forecast combined is £141.18m which is 74% against the overall £190.9m financial challenge. It should be noted that the forecast includes £12.58m for the current year and £16.77m for the full year of high risk projects.

**Table 3: Month 5 Forecast position:**

<i>Area of Delivery</i>	<i>CYE Delivered or forecasted (£m)</i>	<i>FYE Delivered or forecasted (m)</i>
<i>Confirmed pipeline as of Month 5</i>	<b>21.29</b>	<b>19.63</b>
<i>Addition savings (Pipeline of projects)</i>	<b>12.58</b>	<b>16.77</b>
<b>S&amp;V Forecast (£75m)</b>	<b>33.87</b>	<b>36.40</b>
<i>Central Balance / Financial Plan Adjustment (against £115.9m)</i>	<b>107.31</b>	<b>15.60</b>
<b>Overall Month 5 Forecast (£190.9m)</b>	<b>141.18</b>	<b>52.00</b>

74% of £190m

69% of £75m

Work continues to scrutinise, develop and implement these opportunities with review meetings held with each area. Following on from these reviews and considering the pace of delivery and associated risks the forecasted savings anticipated from these work streams is forecast as £16.77m

The focus over the remainder of Q2 is to refine these schemes into clearly deliverable programs of work, to accelerate the pace of delivery and address and mitigate areas of risk. In addition to this work the S&V Board will continue to review performance on a frequent basis of each directorate's progress and financial position.

There remains a significant recurring gap of £23.0m between the current forecast levels of savings against the £75m 2023/24 target. Further work is also required to generate additional non-recurring opportunities.

## Delivering better health

# Capital Position



*Delivering better health*

[www.nhsggc.org.uk](http://www.nhsggc.org.uk)

# Capital Position

## Capital Expenditure – August 2023

- Total Gross Capital Expenditure to date : £31.3m (32% of plan)
- Annual Capital Budget at 31/07/23 : £97.5m
- Balance of Budgeted Cap. Ex. to be incurred : £66.2m
- Total Expenditure Committed : £63.9m (66%)
- Uncommitted Budget (i.e orders to be placed) : £33.6m (34%)
  
- \* Committed [Expenditure incurred + Orders placed]

Total gross capital expenditure incurred to 31<sup>st</sup> August 2023 is £31.3m amounting to 32% of the annual plan (of £97.5m). This leaves a balance of £66.2m of expenditure to be incurred by 31<sup>st</sup> March 2024.

£63.9m of the planned expenditure has been committed to date (Goods or services ordered or received) leaving an uncommitted budget balance of £33.6m. There are projects allocated against £95.7m of the capital budget with the remaining £1.8m to be prioritised and allocated in the coming months.

The annual capital budget has increased from £93.8m last month to £97.5m as at the 31<sup>st</sup> of August 2023. This is mainly due to National Infrastructure Board medical equipment funding of £2.8m and funding for electric vehicles. The funding for the medical equipment was an area where the expectation was that funding would not be available however £10m has been given out nationally and we received a share of £2.8m

The 2023/24 forecast Capital Resource Limited as at 31<sup>st</sup> August 2023 is £93.8m.

# Capital Position

## Capital Expenditure – to 31<sup>st</sup> August 2023 : £31.3m

### Main areas of Expenditure as below:

- £ 16.9m in relation to building work at the new Glasgow North East Health & Social Care Centre.
- £ 9.1m of expenditure has been incurred on hospital site based schemes.
  - QEUH : Waste hold doors replacement programme
  - QEUH : Rectification works required (Atrium, Chilled Water Pipework & Fire Safety)
  - INS : Thrombectomy Works to install 2 x Bi-Planars
  - INS : Ward 62 Upgrade
  - Gartnavel : Radionuclide Dispensary relocation
- £ 0.3m: Minor Works Schemes
- £ 0.8m: PCIP Works to Glasgow Health Centres
- £ 0.2m: William Street Clinic Upgrade phase II
- £ 2.1m: Medical Equipment replacement
- £ 0.6m: Radiotherapy Equipment Replacement Programme
- £ 0.7m: Facilities : RAH Kitchens upgrade
- £ 0.1m: Feasibility/Scoping exercises
- £ 0.5m: Corporate : GP Loans Issued
- £0.2m: Ligature risk spend: Replacement of en-suite doors in Mental Health Wards to complete programme of works. £364k was also spent in 2022/23



# 2023/24 Forecast

# 2023/24 Forecast

The financial plan was approved by the Board on the 25<sup>th</sup> of April 2023. The financial plan highlighted a 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.

The deficit position is constantly being reviewed and this deficit has now been reduced to **£46.4m** as can be seen in the table below. The £6.9m movement from the month 3 position is as a result of a balance sheet adjustment to PFI schemes of £13.5m offset by additional pressures of £6.9m in relation to Energy and PFI due to the actual rate of increase being higher than what was assumed in the financial plan.

	Revised Fin Plan Apr 23 £m's	Revised Month 3 £m's	Revised Month 4 £m's	Revised Month 5 £m's	Movement Fin Plan v Month 5 £m's
Board Finance Plan					
Core (Deficit)/ Surplus	(71.1)	(53.3)	(53.3)	(46.4)	(24.7)
<b>Total Deficit</b>	<b>(71.1)</b>	<b>(53.3)</b>	<b>(53.3)</b>	<b>(46.4)</b>	<b>(24.7)</b>

2023/24 is continuing to be a challenging year. Given the number of operational priorities that the board is facing and the underlying financial challenge. Work will continue throughout the year to review this position, reduced current pressures and source further opportunities.

The position above is on the assumptions that the 6 IJB's maintain a breakeven position. Two of the six IJB's, Glasgow and West Dunbartonshire, are currently in financial recovery due to increasing pressures that were not included in the original plans approved by the IJB boards. In line with the integration scheme if the financial situation cannot be improved NHS GGC, through discussion and review, would need to provide support for a share of any overspend that remains at year end.

The current positions across IJBs have not escalated to this level and at this stage are not anticipated to do so in 2023/24. It is however the case that close monitoring and review will need to continue to assess the mitigation and plans being established.

*Delivering better health*

# Conclusion

# Conclusion

## **2023/24 Month 5**

At 31st August 2023 the Board's financial ledger highlights an overspend of £41.48m attributed to unachieved savings of £26.02m and a pay and non-pay overspend of £15.45m. Acute is overspent by £14.52m and Corporate areas are overspent by £1.26m. Partnerships has a pay and non pay underspend of £0.33m following utilisation of reserves.

In terms of Sustainability and Value, £24.5m has been achieved on a recurring basis. On an in year basis (recurring and non-recurring) £122.1m has been achieved which is behind the trajectory as to where we need to be after the first 5 months of the year. As at month 5 there are forecast savings of £52.0m (69%) against the £75m target. The value of savings needs to improve over the coming months with all sectors and directorates tasked with initially identifying 50% of their savings target.

Total capital expenditure incurred to 31st August 2023 is £31.3m. This amounts to 32% of the plan (of £97.5m) leaving a balance of £66.2m to be incurred by 31st March 2024. At month 5, 66% 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 £1.8m 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 **£46.4m** at the year-end.

In summary, Members are asked to ;

- i) Note the revenue position at Month 5
- ii) Note the Month 5 position for Sustainability and Value and progress for 23/24
- iii) Note the capital position at Month 5; and
- iv) Note the 2023/24 position