**NHS Golden Jubilee**

**Summary Finance Report**

**As at 31 March 2023 – Month 12**

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1. EXECUTIVE SUMMARY

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|  |  | **Finance Position as at 31 March 2023 – Month 12 Report** |
| **1.1** | **Delivery of** **Financial** **Plan** | The draft final year end Core Revenue position as at the end of March 2022/23 is a surplus of **£39k** in line with the planned breakeven position identified within the 2022/23 Financial Plan. This is subject to final review by external audit. |
| **1.2** | **Efficiency** **Performance** | High-level schemes of **£3.011m** have been delivered by the year end against the target of **£4.59m**.The remaining balance of **£1.579m** has been delivered through the generation of additional in-year income received in excess of budgeted expectations and other in-year expenditure savings, predominantly across the level of vacancies within Nursing areas and clinical support staff. This gap has been built into the revised 2023/24 financial plan and is reflected in the scale of the challenge of deliveringa balanced position in the new financial year.There will be a more targeted programme management approach to the identification and delivery of savings in 2023/24to achieve at least 3% on a recurring basis (as required by SG guidance).The focus is now on the identification of recurring and sustainable savings in the new financial year and beyond. Finance continue to link with the National Financial Improvement Group (FIG) and the national Sustainability and Value programme. |
| **1.3** | **Capital Expenditure** | The baseline core capital allocation for the Board has been confirmed as **£2.691m.** Additional allocations of **£11.785m** have been agreed in-year for further investment in the estate, medical equipment and IMT. Phase 2 capital allocations are agreed separately with SG based on expected levels of expenditure within the Financial Year, with a revised forecast outturn of **£21.543m**, taking the overall capital expenditure in year to **£33.328m**.  |
| **1.4** | **Income** | Income is **£2.598m** above plan as at Month 12. The majority of this relates to the ongoing over performance of the GJC Hotel income of **£1.713m.** The balance of the income over-performance relates to NSD SLA’s in HLD and the final position on the topslice SLA arrangements amount to **£0.335m**.Non WoS increased activity of **£0.166m.** |
| **1.5** | **Expenditure** | Expenditure is (**£2.559m)** overspent at the year end, with the largest pressure related to increasing levels of activity reported against surgical supplies **(£2.631m**). This is partly offset by cumulative underspends of **£1.387m** within pay costs related to vacancies, largely across nursing and clinical support staff. |
| **1.6** | **Annual Delivery Plan****2022/23 to 2024/25** | The current draft of the financial plan will be updated to reflect aby final changes identified from the final version of theADP due at the end of June. |
| **1.7** | **Recovery Workforce** **Budget, in post and** **Release review** | This work continues with the HLD management team to agree the relevant ‘exit strategy’ related to posts funded non-recurrently from recovery monies in 2020-21 and 2021-22.  |
| **1.8** | **Agreement of final outstanding allocations** **from SG** | The remaining anticipated allocations are:--**(£6,581k)** Core to Non-core for Depreciation- **£124k** final NHS SA allocation- **£151k** NSS PPE allocation- **£26k** Costs for Specialist Doctor pay uplift- **£932k** additional Non-core allocation for Depreciation.Confirmation of these balances are expected within the Period 13 2023 final allocation letter.  |
| **1.9** | **2023/24 to 2025/26** **Financial Plan and****Annual Delivery Plan** | As indicated above the draft 2023/24 to 2025/26 Financial Plan was approved for submission by FPC on 16th March and was submitted to SG on the same day. The 2023/25 position shows a financial challenge of **c. £6.7m.** Revisions will continue as the 2023/24 ADP is finalised and agreed in July 2023. |

**Core Revenue Financial Performance as at 31 March 2023 (Month 12)**

The Core Revenue position for March 2023 reflects a break-even position with a small surplus of £0.039m.

**Table 1: - Summary Core position as at Month 12**



**Key Points**

* Increasing use of Agency medical staff to cover service gaps and recover activity level:-
	+ HL&D - Radiology Consultants (£257k) and Cardiac Registrars (£132k)
	+ NES – Ophthalmology Consultants (£196k) - Gen Anaesthetics Registrar (£229k) – Orthopaedic (£65k).
* The continuing pressures within Medical staff in both divisions are due mainly to recruitment and sickness absence – this has resulted in the increased use of agency and WLI costs to cover these gaps in service at a total (£1.100m) variance. This position takes into account the additional non-recurrent support of £700k to support the level of WLIs set aside in the Financial Plan.
* This overspend is offset by the underspend within Nursing, Clinical and Support staff due to the continuing challenges in recruiting to vacancies, resulting in a final variance of £1.387m for the year.
* Income is £2.598m above plan mainly due to over performance on GJCH income, HLD SLAs and other general income benefits.

**Total Income Performance as at 31 March 2023**

Table 2 below shows the summary financial position against Core Income. This comprises the Revenue Resource Limit (RRL) and other Core income (mainly SLA income from Heart & Lung and National Services) as at Month 12.

**Table 2 – Total Core Funding and Income as at Month 12**



**The key areas of Income to note are:**

* Cardiac activity has over performed by £129k mainly due to NSD activity profiles.
* Cardiology activity has over performed by £174k due to higher Non WoS activity than planned.
* The final GJCH income performance was higher than originally envisaged, with income overachieving the plan by £1.713m. This was due to an increase in footfall and business related activities being higher than anticipated.

**Total Expenditure Performance as at 31 March 2023**

Table 3 provides an overview of key expenditure variances for the year end based on the Board reporting categories.

**Table 3 – Total Expenditure as at Month 12**



**Key Issues**

* Reviews of locum, overtime and WLIs expenditure as highlighted above are continuing. These costs are linked to service gaps, absence

management and Consultant job plans. This review should provide guidance/ evidence on the areas that may require to recruit more substantive posts to avoid excessive use of high cost WLI payments.

* Other variances relate to ongoing workforce vacancies, pressures on energy prices and increasing inflationary pressures through short supply chains which have increased utilities and catering costs.
* This use of medical agency staff in both Junior Doctor and Consultant areas within HL&D and NES divisions is reflected within a total

overspend of (£1.100m) in Month 12. It is expected that gaps in service related to this expenditure will continue into the new financial year

in both Ophthalmology and Orthopaedics due to ongoing vacancy factors. This area is being monitored closely by the Finance Team

to provide a more detailed understanding of the impact across each service.

**2022/23 Divisional Performance**

Table 4 provides an overview of key variances across the Board reporting categories and analysed across each of the four Divisions of NHS Golden Jubilee being HLD, NES, Corporate and Hotel;

**Table 4**



**Key Issues:**

**Staffing - £1.387m below budget overall**

**Staff Costs Medical- (£1.1m) overspent overall**

**HLD – (£1.012m) adverse variance**

Cardiac medical pays – (£474k) – largest driver within this figure is Agency Locum Registrar Cover of (£132k). Costs relating to an appeal for

back-dated payments for WLIs of (£128k) has also been reflected in this position.

Cardiology medical pays-(£598k), the release of budgets for TAVI and Scottish National Advanced heart Failure Service (SNAHFS) has produced

a breakeven in month but still overspend for the year.

CT Anaesthetics medical is (£50k), mainly linked with the level of WLIs undertaken, due to Consultant retirement in year.

**NES – (£0.309m) adverse variance**

General Anaesthetics - £177k underspent due to vacancies – included within this are agency costs of (£229k). All posts are out for recruitment.

General Surgery medical pays – (£386K) linked with the increase in activity in-year, overspend mainly within Consultants (£361k) and covering

junior doctors vacancies (£25k).

Ophthalmology medical pays – £131k, underspent due to vacancies but with a significant amount of agency costs (£486k) offsetting this level of

Underspend. All posts are out for recruitment.

Orthopaedic medical pays-(£255k) – The largest pressure relates to Consultant overspends offset with vacancies within junior doctors.

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| **Staff Costs-Nursing - £1.804m****HLD** –**£0.735m** underspent This reflects the levels of vacancies across all nursing areas, particularly across critical care (£363k), with agency costs of £225k within this position. General vacancies across the Wards and Cath Lab account for the majority of the remaining underspend.The posts continue to be difficult to recruit to.**NES** - **£1.030m**The most significant area of underspend relates to theatre areas (£300k), orthopaedic nursing areas (£261k), Ophthalmology (£198k) and General Surgery (£165k). Total agency costs incurred in the Division was £885k for the year, covering the level of vacancies across Theatres. Recruitment continues to be challenging but HR are leading on the revised workforce strategies to support Phase 2 expansion.**Staff Costs-Clinical, Support and Admin - £683k**The key areas of underspend relates to the level of vacancies across Clinical staff (£724k) -HL&D £535k (mainly in Med Physics, Labs, Radiology) and NES £227k mainly in Theatres and Rehabilitation services. Support services are now £218k underspent, the majority of this is within NES relating to CSPD vacancies (£151k). |
| **Non-Pays – (£3.945m)****HL&D** – (£2.184m)Surgical supplies are the significant driver of the underspend across HL&D at (£1.289m), of which the Cath Labs are (£1.046m). This reflects the level of activity undertaken in these services during the year compared to the planned budget.Pharmacy (£0.266m) across Cardiology Ward of (£0.114m), Critical Care and NSD Ward combined (£0.216m) this is in relation to the increased transplant activity. The Pharmacy Dept are working on an exercise to reflect the total drug cost for transplant patient pathway which will give us an indication of actual drug costs. Offsetting this is the underspend of £0.080m in Cath Labs.PPE (£0.333m) – Medical Physics (£0.187m) – the main driver is the repairs and services contracts which are a cost pressure. Cath Labs are Also showing an (£0.043m) overspend due to PFO kits costs and medical equipment purchases. Radiology overspend of (£0.044m) due to medical equipment purchases CREA Cartridges. Total ward overspend (£0.050m) main driver critical care due to Kool Kits apparatus and disposable items. **NES** – (£1.853m)Activity has increased with overspends in Surgical Supplies (£322k) in month giving (£1.274m) for the year due to the increase in Robotic use for orthopaedic and general surgery patients. Some of this pressure reflects level of training provided to NHS Forth Valley consultants during the year. CS&R&S (£0.335m) the notable driver of this is the protective clothing Flyte Hoods used in surgery (£0.243m) also printing and stationary and general non-pay pressures (£0.092m).  |

**Annual Delivery Plan and Finance Plan 2022/23 to 2024/25**

FPC have approved the 2nd draft of the 2023/24 to 2025/26 Financial Plan. The Committee recognise that further detailed work is required to update and finalise the ADP assumptions relating to 2023/24 activity planning by the July 2023 SG deadline.

This draft was submitted to SG within the agreed timeline and a meeting is schedule with SG Finance Team and NHS GJ Senior Finance Staff to discuss assumptions and risks in more detail. Whilst the 2023/23 Financial Plan currently shows a (£6.7m) financial gap this is in line with

SG expectations of all NHS Boards delivering an annual 3% year on year efficiency saving target.

Whilst the pay settlement for AFC is yet to be finalised, Boards have been requested to complete a pay template by the end of April, showing the proposed impact of the pay offer. Workshops have been organised for the week commencing 24th April to advise of the next steps. Ongoing work by the Corporate Finance Network and SG finance team will agree further assumptions in the coming weeks relating to SLA uplifts for cross boundary flows.

**Confirmation of Covid Funding Allocations 2022/23**

The Board continues to review and monitor expenditure and income implications directly attributable to Covid through the FPR route, the main contributors are within the Hotel with associated income loss as well as the ongoing recovery recurring workforce costs not yet released or re-aligned from within the recovery workforce approved.

The Scottish Government has made it clear that the only costs being funded in 2023/24 will relate to Test and Protect and Vaccinations, with the expectation of all NHS Boards to resolve on-going recovery costs from within their own baseline allocations. This will require the remaining recovery costs, particularly within HLD, to be identified and either reduced or realigned within previous levels.

**Efficiency Savings and Financial Improvement Performance**

NHS GJ is represented within the Scottish Government Financial Improvement meetings and meets with SG regularly to review progress against efficiency performance.

£3.011m of cumulative savings has been reported as achieved as at Month 12. £1.980m relates to non-recurring schemes mainly arising from recruitment gaps within Nursing and Clinical Areas. At this final stage of the year, only 34% of the schemes identified have provided recurrent benefits in future years.

This has left an underperformance of c. £1.579m against the 2022/23 Financial Plan efficiency target of £4.59m. Over delivery on income plans and general underspends across the Board has offset this remaining gap in-year. Moving forwards the revised 2 year financial plan has built the remaining efficiency gap into the overall savings requirement for 2023/24.

Graph 1 provides a trajectory of savings achieved across each of the months of the 2022/23 Financial Year

**Graph 1**



**Non-Core Performance**

The main elements of non-core funding that are included within the Board are;

* Depreciation for core capital items – this is an annual transfer from core RRL each year with the budget based on a detailed depreciation budget prepared annually in line with our approved capital plan and existing capital items. This reflects a breakeven position for the year to date.
* Depreciation for donated capital items – this is an annual budget forms part of exchequer funding; this relates to items that have been purchased using donated funds.
* AME Provisions – this is part of Annually Managed Expenditure and is managed and funded centrally. The original £40k estimate in 2022/23 will fluctuate throughout the year with the final amount being identified by year-end. As this is based on movement in claims and estimates from the CLO this number changes on a monthly basis in addition the Board element of its share of the CNORIS pot is only identified at year-end and will be cost neutral. At the end of Month 12 the Board the Board specific the provision for AME decreased by £64k, our share of the pot was £740k which has been incorporated into the month 12 numbers. The new movement in provisions at month 12 is an increase of £676k. Non-core movements in balance sheet provisions and have no impact on the RRL
* AME – Debtor – as required by accounting standards this is the corresponding debtor for the AME provisions recognising that the Board will receive income upon settlement of claims.
* Impairment – this also is part of Annually Managed Expenditure and is managed and funded centrally based upon an annual expected spend on

building projects. There has been no budget included for this in 2022/23, as it is not anticipated that there will be any impairment funding required

from SG. Any in year impairment will be managed via the revaluation reserve.

**Capital Income and Expenditure**

The capital plan for 2022/23 was agreed by the Capital Steering Group and approved by the Capital Department at the Scottish Government.

In addition to our core baseline capital funding of £2.691m a number of successful bids were approved by SG for further capital funding within this financial year. The successful bids include:

* National Infrastructure Equipping group - £1.4m to date; this funding relates to Cath Lab one upgrade
* Initial SG funding, included in the original capital plan - £2.442m
* New released funding from SG for backlog and infrastructure - £4.353m, this is likely to be further reduced prior to year-end due to timing associated with specific projects. Further detail has to be finalised with the relevant lead.

The 2022/23 Capital Plan (and its development stages in 2022/23) is noted within Table 5 below. The Table comprises of a number of categories.

**Table 5**

|  |  |  |  |
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| **Capital Plan** |  Original | Updatedcapital plan – February  | Month 12 |
|   | £000’s | £000’s | £000’s |
| Estates (including hotel and academy) | 1,660 | 4,525 | 4,229 |
| Medical Equipment (including academy) | 2,553 | 3,902 | 4,595 |
| IMT | 1,640 | 2,793 | 2,961 |
| Hotel | 680 | Included above | - |
| Academy (Equipment) | 275 | Included above | - |
| Academy (Infrastructure) | 1,800 | Included above | - |
| **Total** | **8,608** | **11,220** | **11,785** |
| **Projects** |   |   |   |
| Water Source Heat Pump | 2,050 | 0 | 0 |
| Phase 2\* | 29,609 | 20,000 | 21,543 |
| **Total Projects**  | **31,659** | **20,000** | **21,543** |
| **Total Spend** | **40,267** | **31,220** | **33,328** |

 ***\*The expenditure for Phase Two included construction and equipment.***

Please note while there has been some movement between classifications in the capital plan the with Month 12 capital unaudited expenditure totals **£33.328m.**

**IFRS16**

As in prior months the numbers are not yet in e-financials, however the numbers we are reporting are from pro-lease, the national system purchased for recording IFRS 16. The account codes for this have now been entered into e-financials therefore from Month 12 onwards the information will be recorded in the finance system.

**RRL Allocations April** - **March**

The March allocation letter has confirmed allocation funding of **£132.973m** against anticipated allocations of **£126.418m.**

Final discussions are taking place in liaison with SG policy teams to confirm the final level of outstanding allocations still to be received of **(£6.555m)**

in Period 13 2023.

Appendix 1 provides the detail of the 2022/23 RRL Financial Plan.

**Director of Finance**

**NHS Golden Jubilee**

**Appendix 1 – 2022/23 RRL Financial Plan**

