

**NHS GOLDEN JUBILEE**

**SUMMARY FINANCIAL REPORT**

**MONTH 12**

**AS AT 31ST MARCH 2024**

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| **FINANCIAL POSITION 31st March 2024 (MONTH 12)** |
| **EXECUTIVE SUMMARY** |
| 1. **2023/2024 to 2025/26 FINANCIAL PLAN**

The NHS Golden Jubilee Board in March 2023 approved a 3 year break-even Financial Plan for the period 2023/24 to 2025/26. The Month 12 final draft position reports a break-even position, with the recurring gap of savings now built into the renewed 3 year plan, 2024/25-2026/27.**DELIVERY OF 2023/24 FINANCIAL PLAN**

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| **Current Risk Rating** | **Delivered** |

For 2023/24 a break-even outturn position required the delivery of -£6.66m of in-year savings /budget reductions through a combination of recurring and non-recurring measures.The final core revenue position as at the end of March 2024 is a favourable variance of £128k. This represents a favourable variance of 0.06%, within the 1% Break-even range. **2023/2024 TO 2025/26 FINANCIAL PLAN**

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| **Current Risk Rating** | **High** |

March 2024/25-2026/27 Financial PlanWhilst the Board delivered a breakeven position during the first year of its 2023/24 – 2025/26 financial plan, the significant level of recurring savings still to be identified is now built into the revised 3 year plan.The final draft of the 2024/25 to 2026/27 3 year plan was submitted to SG on 15th March 2024, following approval at FPC. This shows a savings requirement of (£9.944m) for 2024/25, rising to (£11.028m) for 2025/26 and (£11.481m) for the final year of the plan in 2026/27. Whilst savings plans are being developed mainly around workforce challenges, including enhanced vacancy management, review of agency costs and Waiting list initiatives, there remains a significant gap to identify in 2024/25 at this time.The final March 2024 financial was presented to the NHS GJ Board meeting on 28th March for final approval. |
| 1. **2023/24 CORE INCOME POSITION**

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| **Current Risk Rating** | **Low** |

Income is £1.519m or 0.66% above the Financial Plan at Month 12. The main over-performance continues to be around service SLAs and Hotel income generation. |
| 1. **2023/24 CORE EXPENDITURE POSITION**

Core Expenditure is -£1.391m or -0.61% above the Financial Plan at Month 12.**PAY COSTS**

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| **Current Risk Rating** | **Low** |

In overall terms, Pay costs at Month 12 are underspent by £1.174m or 0.77% below plan, primarily reflecting the level of vacancies across Nursing in particular. However there were considerable pressures across medical staffing in-year related to the level of Waiting List Initiatives and agency costs covering gaps in the service and delivering additional capacity to deliver the ADP.Further analysis is provided within the relevant section of the main report.**NON PAY COSTS**

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| **Current Risk Rating** | **High** |

In overall terms, Non Pay costs at Month 12 are overspent by -£2.565m equating to -3.38% above YTD budget across a number of Board expenditure categories. This position has been improved following the rebasing of SLAs across both HL&D and NES Divisions, to better reflect the baseline funding required to deliver this year’s associated ADP. However significant pressures continue across Facilities Management (FM) and Surgical Supplies as highlighted in previous reports.The revised Financial plan has updated the non-pay budgets requirement in line with cost pressures identified as well as funding to deliver the revised Annual Delivery Plan (ADP) activity.Further analysis is provided within the relevant section of the main report. |
| 1. **2023/24 EFFICIENCY REQUIREMENT**

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| **Current Risk Rating** | **Medium** |

There is a -£6.66m efficiency requirement within the Financial Plan to achieve the targeted break-even position for 2023/24. **FULL YEAR SAVINGS PLAN**There is a -£6.66m efficiency requirement within the Financial Plan to achieve the targeted break-even position for 2023/24. Savings have been delivered in full this year, with £1.8m delivered recurrently and the remaining balance delivered through non-recurring measures. This recurring gap of £4.9m has been built into the revised 3 year plan moving forwards, forming part of the efficiency gap target to be delivered during 2024/25 and beyond. |
| 1. **NON-CORE REVENUE POSITION**

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| **Current Risk Rating** | **Low** |

Non-Core position at Month 12 is break-even (expenditure matched by SG Income). |
| 1. **CAPITAL INCOME AND EXPENDITURE**

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| **Current Risk Rating** | **Low** |

Capital allocations of £14.753m have been confirmed by Scottish Government at Month 12, relating to an overall Core capital Allocation of £6.402m and the Phase 2 Allocation of £8.185m (of which £1.749m was transferred into funding revenue equipment in-year). There is also Capital Resource Limit in relation to IFRS16 leases of £1.914m.A final allocation letter will be received as part of the year end close to reflect this final position above.The remaining balance of the Phase 2 works will be carried into the next financial year as part of the overall Phase 2 capital plan.The revised governance arrangements are now in place around capital planning, with the Strategic Capital Programme Group (SCPG) having met for the first time in May to consider the proposed 2024/25 capital plan.The Capital Delivery group (CDG) is meeting in mid-May in a risk workshop to identify the risk score associated with each capital project being requested within the proposed 2024/25 Capital Plan. The outcome of this workshop will be considered by SCPG, for onward final approval by ELT. |
| **FINANCIAL REPORT AT 31st March 2024 (Month 12)**  |
| **SECTION 1: NHS GOLDEN JUBILEE- OVERALL POSITION**The table below provides the overall high level summary position of the Board as at the end of March 2024, at Month 12. The net position shows a £128k favourable position, with over-recovery of income of £1.519m offsetting expenditure pressures of -£1.391m.**Table 1** |
| **SECTION 2: 2023/24 CORE INCOME POSITION**

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| **Current Risk Rating** | **Medium** |

Income is £1.519m or 0.66% above the Financial Plan at Month 12. **REVENUE RESOURCE LIMIT (RRL)**RRL allocations at Month 12, £135.031m have been confirmed - £27.578m of which relates to the marginal SLAs undertaken within NES for other Territorial Boards.**Table 2****SERVICE LEVEL AGREEMENTS (SLA INCOME)**Total SLA income is £0.636m over-recovered at Month 12 due to over-performances on activity highlighted in the areas below**Table 3**The Cardiac underperformance of -£288k relates to the reduction in NORS SLAs funding of -£206k and non WoS -£82k reduction in activity. Thoracic and Cardiology are ahead of plan by £311k and £545k respectively due to over performance in non WoS and the increased TAVI activity.The revised 2024/25 Business case for SNAHFs continues to be discussed with SG and NSD colleagues to agree a funding resource commensurate with the funding requested in the Business case presented to CEOs in December 2023. **HOTEL AND OTHER INCOME**GJ Conference Hotel income is £517k over-recovered and all Other Board Income sources are ahead of budget expectations by £365k; the main items being over-performance in Dining Room Income £141k and £224k for income relating to other SLA for staff/secondees (associated expenditure is within the Divisional expenditure positions). **Table 4** |
| **SECTION 3: 2023/24 CORE EXPENDITURE POSITION**Total Expenditure ended the year at £230.518m is ahead of the annual budget of £229.127m resulting in an adverse variance of -£1.391m overall (-0.61%).* Pay Costs underspend of £1.174m, 0.77%
* Non-Pay Costs -£2.565m, -3.38%

**PAY COSTS AT YEAR END****Table 5 – Pay Costs****MEDICAL PAY COSTS** The overspend in the Medical staff category is -£247k – the key elements of this overspend continue to be in relation with the use of WLIs and Agency costs. The key underlying position is due to both short and long term sickness absence and vacancies within both Consultant and Junior rotas over both HL&D and NES divisions. Divisions continue to use Agency staff and increased levels of WLIs to cover service gaps and maintain planned levels of activity. The current YTD expenditure related to medical temporary staffing now totals £2.363m. As part of the efficiency programme, “Achieving a Balanced System”, a work-stream has been created to review the historic use of medical agency and WLIs in covering vacancies and recovering the activity position across both Divisions, to provide further clarity on the decisions made in incurring these significant increased costs.The key pressures within medical pay relates to medical agency costs and Waiting List initiative payment in the following areas:**Table 6 – Medical staff key expenditure pressures**

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| **Pressure** | **HLD** | **NES** | **Total** |
| **Agency:-** |  |  |  |
| Radiology | -£178k |  | -£178k |
| Cardiac Registrars | -£111k |  | -£111k |
| Ophthalmology |  | -£391k | -£391k |
| General Anaesthetics Registrars |  | -£20k | -£20k |
| Orthopaedics |  | -£16k | -£16k |
|  | **-£289k** | **-£427k** | **-£716k** |
| **Waiting List Initiatives:-** |  |  |  |
| Cardiac  | -£231k |  | -£231k |
| CT Anaesthetics | -£538k |  | -£538k |
| General Anaesthetics  |  | -£694k | -£694k |
| Orthopaedics |  | -£184k | -£184k |
|  | **-£769k** | **-£878k** | **-£1.647m** |
| **Grand Total of Medical Pressures** | **-£1.058m** | **-£1.305m** | **-£2.363m** |

These pressures are partially offset with the level of vacancy underspends across both Divisions, demonstrating the current recruitment challenges faced by the Board.**NURSING PAY COSTS**Nursing pay costs are underspent by £1.616m at Month 12. This figure is after reduction of £1.864m funding non-recurrently to Efficiency Savings, reflecting the on-going level of vacancies across the system. Whilst this is supporting the current efficiency position, Divisions continue to work with Finance and Performance colleagues to identify recurring transformational savings plans.**CLINCIAL PAY COSTS**Clinical pay costs underspend increased to £238k at year end – NES favourable variance of £53k, with the main driver of this related to Rehabilitation and Medical areas of Orthopaedics, Ophthalmology and General Anaesthetics due to ongoing vacancies. – HL&D favourable variance £167k, the key factors in this division are also recruitment issues within Perfusion, Labs and Medical Physics.**SUPPORT PAY COSTS** Support pay costs are overspent by -£225k with approximately -£222k relating to the Hotel activity which is offset with associated increased income. The other pressures are mostly within Portering and Housekeeping due to the continued additional hours worked to maintain services related to the high levels of vacancies and sickness absence. **ADMIN PAY COSTS**Admin pay costs continue to overspend -£208k position at Month 12, the key factor being an un-pressures within HL&D -£80k, with NES -£156k over spent relating to interpreters’ costs. NES Senior Management have finished their investigation into these rising costs and have agreed to put in place changes to reduce costs for 2024/25. There is also Directorate Admin use of agency to cover vacancies and bank use within Reception to cover sick leave.A favourable position from Hotel £52k – R&D £17k - has helped to reduce the over spend.**NON PAY COSTS AT YEAR END**Total Non-Pay costs are overspent at Month 12 by -£2.565m. All Board categories, apart from ‘Pharmacy’ and ‘CS&R&S’ are showing overspends. Whilst a significant amount of work has been undertaken to increase non-pay budgets in line with the current SLA updates, there remains ongoing pressures across the system that have been built into the on-going financial plan assumptions. This will ensure the recurring baseline non-pay budgets for 2024-25 reflect the funding required to deliver the activity levels within the 2024/25 ADP.**Table 7 – Non-Pay Summary****PHARMACY SUPPLIES £210K (3.95% of Annual Budget)**This area has seen a marked reduction in overspend in month, the Pharmacy Team have begun additional targeted work to manage medicines more effectively and efficiently.Pharmacy distribution has identified and communicated several contract changes and this work will continue into all areas and provide efficiency savings through 2024/25.**SURGICAL SUPPLIES** **-£953K (-2.71% of Annual Budget)**Surgical Supplies overspend across all Division’s has increased this month, most significantly within HL&D as a result of the activity increase in TAVI, Mitraclip and PFO -£586k. The finalisation of SLA funding within the proposed ADP will ensure the Divisions have their non-pay budgets set to deliver their activity plans in 2024/25.The work required to ensure all opportunities are considered as part of the ‘deep dives’ and the Sustainability and Value work programmes is continuing within the overall ‘Achieving a Balanced System’ Programme. The other areas of significant overspend in this area, relate to theatre supplies within NES and expenditure across Cath labs in HLD, (some of which off-set with corresponding over-performance on SLA income).**LAB/RADIOLOGY SUPPLIES -£77k (-3.87% of Annual Budget)**NES are showing an overspend of -£44k YTD. This in the main is due to increased costs within Anaesthetics Theatres at a total overspend of -£58k relating to Lab Costs Type 2 and disposable issues based upon the case-mix now YTD. These changes will be taken into account when reviewing the revised ADP for 24/25.HL&D are now showing an overspend of -£13k YTD. The main driver of this relates to Tissue Typing and SACCS Cath Lab increased use of Septal Occluders.**PPE** **-£708k (-5.93% of Annual Budget)**The variance for PPE has increased significantly in month. The main driver of this is Backlog Maintenance projects currently within the hospital -£269k. NES is showing an over spend -£144k key factor of which is medical equipment purchasing for Cardiac Theatres -£32k Thoracic Theatres -£39k and Anaesthetic Theatres -£23k. HL&D is also showing an over spend which has increased to -£263k, Perfusion is the main driver -£215k - due to increased use of Centrimag Blood Pumps and ECMO devices. Wards are also showing a total overspend of -£69k. **FM** **-£1.044m (-9.09% of Annual Budget)**The key driver within FM continues to be the pressures on Utilities and clinical waste within the Corporate Division, with the YTD overspend now totalling -£365k.This is a combination of increase in volume as well as increasing unit costs for energy above the estimates agreed in the financial plan. These pressures are built into the revised Financial Plan inflationary assumptions.The other areas of pressure within the Corporate Divisions relate to Catering and Shop expenditure of -£191k, which is offset with an over-recovery on catering income of £391k.NES is overspent by -£140k – Transport being the main overspend of -£93k in Hospital Ambulance service charges. HL&D overspend has reduced to -£86k the main pressure of; disposables, laundry and cleaning materials. Budget was also released to cover the Organ Care System for staff transport due to retrieval travel to sites.The Hotel is overspent by -£445k YTD with the main drivers being Utilities -£270k, Laundry costs  -£80k, Food items -£124k and net all other budgets at -£29k. Whilst Laundry items and food costs are offset with increased income, the other pressures reflect the increasing unit costs experienced across this sector.**CS&R&S £7k (0.07% of Annual Budget)**The favourable position in month is due to budget being released to offset non-recurring costs associated with cost pressures in the divisions.  The pressures within this area are; NES is -£223k YTD – this relates to the increase in Postage & Franking costs, driven by patient activity numbers, which is the main driver. HL&D is -£118k YTD - this mainly relates to the increase in Recruitment Costs £29k, driven by Home Office visa costs also Mediation Services £9k.  |
| **SECTION 4: NHS GOLDEN JUBILEE- DIVISIONAL PERFORMANCE** At Month 12, NHS Golden Jubilee has a Pay underspend of £1.174m and a Non-Pay overspend of -£2.565m. The following Table provides a high level summary of these variances for both Pay and Non-Pay.**Table 8 – Pay and Non-pay Variances by Division** |
| **SECTION 5: 2023/24 RRL ALLOCATIONS AND ANTICIPATED ALLOCATIONS****Table 9 – Current RRL allocations as at end March 2024**All allocations have now been confirmed as part of month 12, other than finalisation of a small reduction of £9k in Core income and the final balance of Non-Core Funding of £167k yet to be confirmed (but agreed with relevant SG Finance team). A final updated allocation letter is expected later this week to confirm the final position. |
| **SECTION 6: 2023/24 EFFICIENCY REQUIREMENT** There is a -£6.66m efficiency requirement within the Financial Plan to achieve the targeted break even position for 2023/24. **Full Year Non-Recurring Savings Plan**At Month 12 total savings of £6.666m have been identified at the year end. The table below provides a summary of the work streams identified to-date.**Table 10**

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| **Work stream** | **YTD £m** | **Full Year £m** | **Recurring £m** | **Non-recurring £m** |
| Medical Recovery funding | £0.6m | £0.6m | £0.6m |  |
| Other Recovery funding | £1.2m | £1.2m | £1.2m |  |
| Nursing Initiatives (vacancies) | £2.6m | £2.6m |  | £2.6m |
| Medical Service plans | £0.3m | £0.3m |  | £0.3m |
| Other staffing (vacancies) | £1.7m | £1.7m |  | £1.7m |
| Savings in Labs contracts | £0.1m | £0.1m |  | £0.1m |
| Review of Mini BC Application | £0.08m | £0.08m |  | £0.08m |
| Review of Clinical Users & IFRS Leases | £0.07m | £0.07m |  | £0.07m |
|  |  |  |  |  |
| **Total Identified** | **£6.6M** | **£6.6m** | **£1.8m** | **£4.9m** |

**Sustainability & Value**The focus continues to be on identifying recurring efficiency savings. A more structured programme management approach is being taken forward in the identification and delivery of savings in 2024/25 with recruitment to the Sustainability and Value programme. This approach is designed to achieve at least 3% on a recurring basis (as required by SG guidance). Work has progressed on the “15 box grid” agreed with CEOs. In particular a review of temporary staffing expenditure across all staff groups has identified the current level of expenditure associated with funded vacant posts, as well as costs incurred to recover the Waiting Times Targets.Reviews of Pharmacy costs with the Director of Pharmacy has already begun and the new financial; year will see discussions planned with Divisions in identifying changes in prescribing practices, more in line with available funding streams.Procurement and finance are creating a detailed analysis tool to investigate the highest areas of expenditure where there will be opportunities to review current procurement and product mix across all specialties.This work will support the revised governance arrangements associated with ‘Achieving a Balanced System’. |
| **SECTION 7: NON CORE PERFORMANCE** Non-Core position at Month 12 will break-even (expenditure below matched by SG Income).  The main elements of Non-Core expenditure are shown in the table below:**Table 11**

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| Category | Annual Budget £ |
| Annually Managed Expenditure (AME) | 227,000 |
| Depreciation (Donated Assets) | 8,000 |
| Depreciation (Board Capital) | 11,472,000 |
| Depreciation (Leases) | 1,104,000 |
| Impairment - related to Phase 2 in 23/24 | 184,545 |
| Total | 12,995,545 |

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| **SECTION 8: CAPITAL INCOME AND EXPENDITURE** Capital allocations of £14.m have been confirmed by Scottish Government at Month 12 with an expected revised **Table 12**Based on the above, the following is the Capital Expenditure Plan (V2) split across the various monitoring categories. **Table 13** |

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| **Decision–** **(1) Approve the Summary Financial Report as at 31 March 2024 (Month 12), subject to final audit by KPMG** |

**Graham Stewart**

**Interim Director of Finance**

**NHS Golden Jubilee**