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| Board Meeting: | 6 December 2018 | GJF RGB WITHOUT STRAPLINE |
| Subject: | Finance Report – October 2018 |
| Recommendation: | Board members are asked to:  |  |  | | --- | --- | | Discuss and Note | X | | Discuss and Approve |  | | Note for Information only |  | | |

#### Introduction/Key Issues

The month seven year to date (YTD) results show a total surplus of £0.167m. This includes both core and non-core expenditure, and is in line with the forecast trajectory within the finance plan. This surplus is made of the following:

* Income – above target by £1,650k YTD;
* Core Expenditure – overspend of (£1,499k) YTD; and
* Non-core Expenditure – underspend of £16k YTD.

It is anticipated that the Board will achieve the target agreed with the Scottish Government Health and Social Care Directorates (SGHSCD) and the delivery of our approved financial plan.

1. **Income and Revenue Forecast**

We have undertaken a detailed review of both our revenue forecast and our five- year capital plan.

Our capital plan includes an equipment replacement programme that, due to the Heart and Lung transfer in 2008, requires replacement of this equipment at the end of the 10 year useful life. It has been agreed in previous years, that if non recurring revenue funds could become available, we could utilise this to support equipment replacement and smooth out this 10 year bulge.

After careful revenue scrutiny of our revenue position in 18/19, it is proposed to request a revenue to capital transfer of £1M in this financial year only. This would therefore increase the capital formula allocation from £2.691m to £3.691m and brings capital spend in line with the revised Medical Equipment Group priority replacement plan. This also puts us in a strong financial position when considering any future innovation projects, including developing robotic surgery further.   
The £1M revenue which has been identified to transfer to capital has arisen due to the following:

* Improved position, compared to forecast, in non-West of Scotland Cardiac, Thoracic and Cardiology referrals and associated income position; and
* Funding included within the financial plan for pressures which have not fully arisen in year, including inflationary pressures, and pay award funding.

This transfer supports future capital pressures and ensures the non-recurring use of revenue funds to deliver this.

Agreement and follow-up discussions with SGHSCD are in progress with regard to this funding movement.

1. **Annual Accounts 2018/19**

The external audit interim visit will be completed in December 2018. The output from this will be formally reported by Scott Moncrieff to the April Audit and Risk Committee meeting.

The Finance team will prepare a draft ‘mock’ set of consolidated annual accounts in January/February to address issues identified in last year’s process. We will also ensure that the working papers for year-end are prepared. This process will enable familiarisation with the new template and enable the year-end timetable to be met.

The annual audit of the Director’s Report and Annual Accounts will commence in May. It is anticipated that the auditors will be on site for two weeks.

As also agreed, we will commence training sessions for Board Members on ‘understanding the annual accounts process’ during the last quarter of the year. We will also convene a short-life working group, building on the work completed last year, to ensure the annual report provides more user friendly and useful information for Board Members and the public. Work comparing other Boards’ Director’s Report and Accounts will also commence in early January.

Following completion of the audit, the Director’s Report and Annual Accounts will be presented to the Audit and Risk Committee for approval on 11June 2019 prior to the formal presentation to the Board on 20 June 2019. The draft accounts will also be presented to the Senior Management Team meeting on 6 June 2019.

1. **Scottish Government Improvement Bids**

The Golden Jubilee has a key role to play in achieving the 30-month target set out in the Scottish Government Waiting Times Improvement Plan. The medium to long term plan is described in our phase 1 and phase 2 expansion and the short term plan is delivered by a number of bids already approved by the Scottish Government for delivery in this financial year. In addition, the Golden Jubilee submitted the following additional bids during November for additional capacity support:

* Orthopaedic Expansion proposal, including 90 additional Arthoplasty procedures (£399k) from January to March 2019, increasing to 200 additional procedures (£941k) in 2019/20.
* Cardiac waiting times improvement in support of the 12 week TTG target. This is as a result of a rise in referrals from the West of Scotland region and increased clinical treatment timescales as more patients are referred through the accelerated pathway. The funding bid will support an extended day in three out of four Cardiac Theatres and then develop an urgent/emergency theatre space to accommodate emergency patients. The bid reflects additional funding in 2019/20 at a cost of £0.524m and £0.819m recurrently from 2020/21..
* Enhanced recovery lead to optimise our current capacity with £10k part year funding bid for 2018/19 and a further £14k in 2019/20 up to maximum of £24k per annum.
* Within cardiology, in August 2018, the Board has secured agreement from the Scottish Government for non-recurring funding for Cardiology Waiting pressures in coronary intervention and electrophysiology for £1.185m (non-recurrent).
* A bid to support additional capacity and avoid cardiology breaching by extending the mobile Cath Lab from April to September 2019 (non-recurrent) and then support the recurring fifth Cath Lab development from October 2019 to March 2020 has been submitted during November. This further bid reflects an additional funding request in 2019/20 of £1.002m (above the £1.185m non-recurring already secured) and recurrent funding from 2020/21 of £0.641m (above the £1.185m non-recurrent already secured).

These bids and associated costs have been incorporated within the Board’s latest financial forecast.

1. **Efficiency Savings**

At month seven, efficiency savings delivered were £2.011m against a Local Delivery Plan (LDP) target of £2.035m, reporting a small deficit of £24k at this stage. This is in the main due to phasing.

The key changes within these plans are due to a movement between recurring and non-recurring categories in recognition of the delays associated with implementing the Electronic Patient Record system; and planned medical joint recruitment and waiting list initiative efficiency plans recurring scheme shortfall. Due to challenges in achieving joint recruitment for hard to fill medical posts, this has impacted on a shortfall in the achievement of efficiency plans against waiting list initiative cost.

This savings achieved to date are split with recurring efficiency savings achieved £1,189k and non recurring savings of £82k.

1. **Conclusion**

Members are asked to note the finance report for the period ended 31 October 2018.

## Julie Carter

**Director of Finance**

**22 November 2018**

**(Lily Bryson, Assistant Director of Finance – Governance and Financial Accounting)**

**(Elizabeth O’Brien, Assistant Director of Finance – Financial Management)**