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| Board Meeting: | 14 February 2019 | GJF RGB WITHOUT STRAPLINE |
| Subject: | Finance Report –December 2018 |
| Recommendation:  | Board members are asked to:

|  |  |
| --- | --- |
| Discuss and Note | X |
| Discuss and Approve |  |
| Note for Information only |  |

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#### Introduction/Key Issues

The month nine year to date results shows a total surplus on core funding of £7k which is made up of the following:

* Income – above target by £2,280k ;
* Core Expenditure – overspend of (£2,274k)

Non-core expenditure reflects a small adverse position of (£43k) due to depreciation accruals. This will be adjusted by year end.

This therefore reflects a (£36k) deficit on total core/non-core position as a result of in month phasing adjustments and will align with our financial plan from Month 10 and our forecast trajectory.

It is therefore anticipated that the Board will achieve the breakeven target agreed with the Scottish Government Health and Social Care Directorates (SGHSCD).

1. **2019/20 Budget Allocation**

In response to the announcement of the Scottish Government (SG) Budget for 2019/20 confirmation has been received from the SG Finance team, the Indicative Allocation for 2019/20 Health Boards budget. The main components of the budget are as follows.

**Baseline Funding**

Territorial Boards will receive a baseline uplift minimum of 2.5%, the four patient facing National Boards ( Scottish Ambulance Service, Golden Jubilee Foundation, NHS 24 and the State Hospital) will receive a minimum baseline uplift of 1.7% , both of which includes the 2019/20 pay award.

**Baseline Funding – Golden Jubilee**

The uplift to the Golden Jubilee Foundation baseline equates to £2.3m.

National Boards are also contributing to the £15m savings requirement with each Boards contribution reflected in opening budgets for 2019/20. The Golden Jubilee value reflects a saving of £2.1m, although a value of £1.9m has been assumed within the Board’s three- year Financial Plan. Scottish Government has confirmed this allocation will be amended across the National Boards to reflect the agreed assumption in our financial plans.

**Investment in Improving Patient Outcomes**

In addition to the Boards’ baseline funding uplift, a total of £392m is to be invested in reforming service delivery in 2019/20 as per the table below:

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| --- | --- | --- | --- |
| **Improving patient outcomes** | **2018/19** **(£m)** | **2019/20****(£m)** | **Increase in 2019/20 (£m)** |
| Primary Care | 120 | 155 | 35 |
| Waiting Times Improvement | 56 | 146 | 90 |
| Mental Health and CAMHS | 47 | 61 | 14 |
| Trauma Networks | 10 | 18 | 8 |
| Cancer | 10 | 12 | 2 |
| **TOTAL** | **243** | **392** | **149** |

**Waiting Times Improvement Monies – Golden Jubilee**

From within the £146m investment for Waiting Times Improvement, the Golden Jubilee has successfully bid against this and are accessing £410k in 2018/19.

Allocations for 2019/20 waiting times improvements have still to be agreed.

**Budget Capital Funding**

NHSScotland Boards are advised to assume no change to the current capital formula allocation, which for the Board is £2.691m. This allocation is separate from the funding for our expansion project which is defined by the full business case amounts approved by the capital investment group.

These modelling assumptions have been built into the Boards budget and financial planning process, with the financial plan due to be completed by March 2019.

1. **Three-Year Financial Planning**

In line with the Medium Term Health and Social Care Financial Framework, the Board

will implement budget setting, efficiency savings and financial planning on a three-year approach going forward. To support this process, a Financial Planning process paper detailing the methodology applied both for three-year budget setting and financial planning over 2019/20 to 2021/22 has been agreed by the Senior Management Team and will form the basis of our three-year Financial Plan.

In addition to this, meetings are being organised with all budget Managers and Divisional

Management Teams to discuss proposed budgets and efficiency plans for the three years 2019/20 up to 2021/22.

1. **Efficiency Savings**

At month nine, efficiency savings delivered were £2.879m against a Local Delivery Plan (LDP) target of £2.895m, reporting a minor deficit of £16k at this stage. This is in the main due to phasing of projects with no risk in delivery of the 2018/19 target.

The savings achieved to date are split with recurring efficiency savings achieved of £1.731m and non recurring savings of £1.148m.

1. **Conclusion**

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

## Julie Carter

**Director of Finance**

**5 February 2019**

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

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