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| Board Meeting: | 1 November 2018 | GJF RGB WITHOUT STRAPLINE |
| Subject: | Finance Report – September 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 six year to date (YTD) results show a total surplus of £0.388m. This includes both core and non-core expenditure, this is in line with the forecast in the finance plan of £0.375m underspend by the end of September 2018 against core RRL. This surplus is made of the following:

* Income – above target by £1,529k YTD;
* Core Expenditure – overspend of (£1,155k) YTD; and
* Non-core Expenditure – underspend of £14k YTD.

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

#### 2018/19 Scottish Government Pay Award

Scottish Government (SG) has approved a pay increase for NHS Health Boards and Special Health Boards Chair and Non Executive Directors of 2%.

The additional funding of £956k for the final Agenda for Change staff pay policy was received within the September Revenue Resource Limit (RRL) allocation to the Board. All budget allocations to departments and services have been updated to reflect this.

The Medical and Dental staff pay uplift was processed as part of the September 2018 payroll and budget has been released to all Medical services to reflect this.

#### NSI Business Intelligence Finance Tableau Visualisation Tool

As part of Digital development and Innovation, the NHSScotland Directors of Finance approved a business case to design and build a Business Intelligence (BI) platform for the NHSScotland finance community.

The preferred option from the business case proposal was Option 3, which was to develop Corporate Data Warehousing (CDW) which allows a mixed economy of analytic environments. This allowed Health Boards to either implement a Tableau visualisation platform provided by NHS National Services Scotland (NSS) or utilise their own visualisation/analytics tool of choice. The Board Finance team has elected to adopt the Tableau visualisation platform provided by NSS. This provides more user friendly and visual data for budget holders.

Implementation of this system will incur a one-off cost to the Board of £8k and recurring investment of £3k per annum, which has been provided for within the financial plan.

#### Scottish Government Medium Term Health and Social Care Financial Framework and financial planning

The Cabinet Secretary for Health and Sport outlined The Medium Term Health and Social Care Financial Framework on Thursday 4 October 2018. This supports the Health and Social Care Delivery Plan and sets out the proposals and approach to initiatives required to deliver a financially balanced and sustainable health and social care system. This is welcomed by the Directors of Finance and allows for financial planning within an agreed framework. Work has been ongoing within the National Health Boards and Regions to develop a similar framework at this local level.

Incorporated within this new approach the Cabinet secretary confirmed that from 2019/20, the Scottish Government will not recover historic brokerage incurred to the end of 2018/19 from NHS Territorial Boards on the basis that this has been incurred in support of delivering patient care.

From 2019/20, all Boards are now required to develop a balanced financial plan over a three-year period which will reflect a change in approach for the Boards financial planning with all income and funding, baseline cost and additional cost pressures considered over a three year period to support a balanced financial position. The finance team have reflected this in the budgeting discussions with managers and will incorporate this three-year planning cycle in the financial plan being developed.

#### Finance Report format and Content Review

As part of continuing improvements on the reporting of the Board’s financial performance, key financial pressures and developments facing the Board and the wider NHS community, the Director of Finance is leading a review with the senior finance team on future finance report content and layout presented to the Performance and Planning Committee, Senior Management Team, and the Board.

This review will include a wider appraisal of other NHS Boards’ financial reporting to consider what model would best suit our organisational needs and the finance team, ensuring advice from recent national governance reviews can be incorporated to ensure the key messages are presented in a user friendly, accurate and timely manner.

1. **Efficiency Savings**

At month six, efficiency savings delivered were £1.626m against a Local Delivery Plan (LDP) target of £1.622m, reporting a phasing only surplus of £4k at this mid-year stage. This is in line with the forecast trajectory within the financial year.

This savings achieved to date are split with recurring efficiency savings achieved £934k and non recurring savings of £692k.

1. **Conclusion**

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

## Julie Carter

**Director of Finance**

**15 October 2018**

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

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