**GJF/2018/05/09**

# 

# Board Meeting: 10 May 2018

**Subject:** Finance Report – February 2018

**Recommendation:** Members are asked to note this   
report for the period to 28 February 2018

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

#### Introduction/Key Issues

The year-to-date (YTD) results show a small surplus of £3k. This includes both core and non-core expenditure, this is in line with the forecast in the finance plan. This planned surplus is made of the following:

* Income – ahead of target by £323k YTD;
* Core Expenditure – overspend of (£320k) YTD; and
* Non-core Expenditure – underspend of £0k YTD.

The summary income and expenditure is included at appendix one. The key points in our income and expenditure to highlight are detailed below (efficiency savings are discussed in section six);

**Income**

This is showing a continued improvement in performance against plan for Research and Development projects, which partly offsets performance behind plan for the Golden Jubilee conference Hotel

**Expenditure**

* As with prior months, pay pressures within Medical staff pay costs remains an issue due to cover for vacancies, unplanned leave and therefore the need for additional waiting list sessions.
* Overall, Nursing retains a positive financial position with cost pressures noted within Cardiology wards and Cardiac Catheterisation Laboratories (Cath Labs) and partly offset by under-spends within Surgical Services Orthopaedic wards outpatients and critical care service.
* However the non-pays position within Core Expenditure and specifically property, corporate supplies and reserves has seen an adverse movement during February 2018. This is due to planned expenditure in backlog maintenance and equipment procurement aligned with year-end expenditure plans. This is in line with year-end budget phasing and financial plans.
* Surgical Supplies continues with an underspend mostly attributable to Theatres and Cardiology Devices as a result of planned efficiency benefits realised.

The Board continues to forecast to achieve the target agreed with the Scottish Government Health and Social Care Directorate (SGHSCD) and in line with the Board’s financial plans.

The full year forecast undertaken at month eleven and monitored monthly supports a breakeven position will be achieved by year-end with no significant risks to highlight.

#### Year-end position

The draft Annual Report and Accounts have been prepared in accordance with guidance issued from SGHSCD, International Financial Reporting Standards, and the Financial Reporting Manual (FReM) and will be subject to audit by Scott-Moncrieff. The final numbers detailed below may be subject to minor changes prior to submission to the Board for approval in June.

The Governance Statement and Accounting Policies were approved by the Audit and Risk Committee prior to their inclusion in the accounts.

As detailed in the accounts, the out-turn for the year is reporting a small surplus against the Revenue Resource Limit of £3k and a balanced Capital Resource Limit. Efficiency Savings are ahead of plan by £42k with achievement of £4.542m against annual plan of £4.5m.

A full report for month 12 will be presented to the next Board meeting.

#### Financial Planning 2018/19

The Board submitted the detailed financial plan with associated finance templates to Scottish Government on 9 March 2018 in line with agreed timescales.

The Annual Operational Plan and the detailed 2018/19 Financial Plan were approved by the Board on 29 March.

Following review by Scottish Government and approval by the Board, a final Financial Plan document will be finalised and presented to Scottish Government following final review and approval of the Regional and National Board Delivery Plans.

The draft 2018/19 budgets and efficiency plans for each of the Divisions and Corporate functions are in the process of being finalised; these will be consolidated into the overall budget plan for the Board, which will be in line with the approved final financial plan. This is due to be presented to the Board and Performance and Planning Committee by June 2018.

As in previous years, we have utilised the Health Sector Budgeting tool within the finance e-financials system; this allows the recurring element of budgets to be automatically rolled over from 2017/18 into 2018/19. This reduces staff time in re-creating baseline recurring budgets and therefore means that we are in a position to produce financial information in period one.

Any further budgetary adjustments agreed above the recurring baseline in agreement with Divisional Management Teams and budget holders are planned to be actioned by period two reporting.

#### Capital Out-turn for 2017/18

The capital spend for 2017/18 was £7.358m against a budget of £7.358m, demonstrating a breakeven position; this number is also subject to audit. The breakdown of this spends is noted below:

|  |  |  |
| --- | --- | --- |
| At year end | Allocation  £’000 | Spend to date year-end  £’000 |
| Formula capital | 4,288 | 4,288 |
| Capital Stimulus | 2,408 | 2,408 |
| Elective Centre | 661 | 661 |
| **Total** | **7,358** | **7,358** |

The spend reported the end of month 11 was £4.683m.

#### Annual Accounts 2017/18

The annual audit of the Directors Report and Annual Accounts will be undertaken during the two weeks commencing 7 May 2018.

The accounts will be presented to the Senior Management Team (SMT) on 7 June 2018, prior to being presented to the Board for approval on 21 June 2018.

#### Endowments Annual Accounts 2018/18

As in the prior year, it is planned that the annual accounts and report for the Board charity will be undertaken in tandem with the Board accounts. We have reviewed the income received and the total value of the Boards endowment funds are in excess of £2m therefore the endowments accounts will be consolidated into the Board accounts this year.

A detailed paper on this process will be presented to the next Audit and Risk Committee and will be presented to the next SMT prior to being presented to the Board.

The accounts and annual report will be presented to the Endowments sub-committee and then the Board of Trustees prior to submission to the Office of the Scottish Charity Regulator (OSCR).

#### Efficiency Savings

At month 11, total efficiency savings delivered were £4.207m against a Local Delivery Plan (LDP) target of £4.038m, reporting £169k favourable performance against plan at this stage. This is ahead of the planned trajectory and we expect to meet our Board efficiency savings annual target of £4.5m at this stage.

The savings achieved to date are split with recurring efficiency savings achieved of £3.277m and non recurring savings of £0.930m. Details of this are included in Appendix 1, page 5.

There are no key movements in this month’s reported position; the achievement is in line with prior performance

#### Conclusion

Members are asked to note this finance report for the period ended 28 February 2018.

## Julie Carter

**Director of Finance**

**05 April 2018**

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

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