GJF/2018/03/11a

# GJF LogoBoard Meeting: 29 March 2018

**Subject:** Finance Report – January 2018

**Recommendation:** Members are asked to note this   
report for the period to 31 January 2018

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#### Introduction/Key Issues

The year-to-date (YTD) results show a small surplus of £80k. 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 £337k YTD;
* Core Expenditure – overspend of (£331k) YTD; and
* Non-core Expenditure – underspend of £73k 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 and CNORIS 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 sessions.
* Overall nursing retains a positive financial position with; cost pressure within Cardiology wards and Cath Lab 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, plant and equipment has seen an adverse movement during January 2018. This non-pays position is as expected within 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.

At this stage it is planned that the Board will achieve the target agreed with the Scottish Government Health and Social Care Directorate and in line with the Boards financial plans.

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

#### Financial Planning 2018/19

The Board has presented both the draft Annual operational plan and associated 1 year 2018/19 Financial plan summary report to the January SMT, both of which were approved subject to some minor changes.

In addition to the above the Board are required to submit initial approved templates to Scottish Government with the following financial plan information by 9th March 2018;

* Scottish Government 2018/19 Core RRL funding plan, split between recurring and non-recurring funding
* 2018/19 None-Core RRL expenditure plan, with a split showing non-recurring
* Efficiency savings target for 2018/19 this includes new guidance on the reporting of efficiency savings to ensure consistency across Boards. This is summarised below;
  + Total savings requirement should equate to the gap between the total funding and income the Board receives and its planned expenditure. This should be split between recurring and non-recurring.
  + 2018-19 planned savings identified between recurring and non-recurring forecast variance against core RRL
  + 2018-19 savings required to breakeven (difference between above two bullets)
  + Savings shown as a % of baseline funding
  + Planned savings to be analysed into the following saving types, Service Redesign, Drugs and Prescribing, Workforce, Procurement, Infrastructure and Other in addition to recurring and non-recurring and High, medium and Low risk ratings.
* Financial trajectories from June 2018 to March 2019 for both Core RRL outturn and Cumulative value of efficiency savings
* Scottish Government 2018/19 CRL funding plan, split between Capital funding routes
* Financial Plan Assumptions and risks – listing the key items in relation to both these areas and the financial value and risk rating associated with these

The final financial plan document will be finalised and submitted to Scottish Government by the end of March 2018.

#### Year-end Processing

As in prior years we have issued deadlines for processing goods and invoices for year-end, these have been summarised below:

**Invoices** – all invoices require to be with the finance department for payment by 26 March to ensure sufficient time for processing before year-end;

**Non-recurring** – all non-recurring items require to be receipted by 26 March and invoiced for payment (managers will require be to have notified procurement that items have been received), any items from this year’s non-recurring allocation not accounted for in 2017/18 will be charged to the relevant department cost centre in the next financial year; and

**Capital** – as with non-recurring money procurement require to be advised of the receipt of all capital items by 26March and invoices be received for payment by this date.

In addition to the above deadlines any non- routine items that have not previously been discussed with finance require to be discussed with finance in order to be included in the year-end out-turn.

#### Capital Update

The capital group was provided with an update on the financial position in the three key areas which make up the financial plan with this noted below.

|  |  |  |
| --- | --- | --- |
|  | Allocation  £’000 | Spend to date  £’000 |
| Formula capital | 4,291 | 1,915 |
| Capital Stimulus | 2,816 | 2,427 |
| Elective Centre | 717 | 341 |
| **Total** | **7,824** | **4,683** |

The **Formula Capital** spend is in line with anticipated spend for month six, meetings have been held with all leads in the main spend areas and business cases will be presented for the majority of spend by mid-December. All major items have been tendered for in advance of the business cases being submitted to ensure that the most accurate price is included in the business case. The formula capital takes account of the of the £1.6m revenue to capital money.

The **Capital Stimulus** spend in year relates to the MRI suite, including the two new MRI scanners. At this point it would appear that spend in year will be lower than budget, with the final out-turn for the project to be confirmed in early January. In year it has been agreed with SGHSCD to move £467k of funding from the capital stimulus funding against the elective centre programme, this funding will be reinstated against the capital stimulus money in 2018/19 to contribute to the funding of a second CT scanner.

The **Elective Centre** spend in year relates to advisor fees which will be incurred in advance of building work being commenced. These fees relate to Cost Advisor, Project Manager and design cost for the PSCP. In order to monitor this spend there are fortnightly cost control review meetings established to ensure that costs are monitored closely. It was agreed by the cost control group that the budget in year would be increase by to £717k to allow for commencement of the stage three work programme. Is noted above money from the capital stimulus funds have been utilised in year to enable this increase.

#### Efficiency Savings

At month eight total efficiency savings delivered were £3.939m against an LDP target of £3.648m, reporting £291k 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 at this stage.

The savings achieved to date are split with recurring efficiency savings achieved of £3.044m and non recurring savings of £0.895m. 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 31 January 2018.

## Julie Carter

**Director of Finance**

**01 March 2018**

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