**Ref: GJF/2017/09/11**

# GJF Logo

# Board Meeting: 14 September 2017

**Subject:** Finance Report – July 2017

**Recommendation:** Board members are asked to note the report for the period to 31 July 2017

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#### Introduction/Key Issues

The year-to-date (YTD) results show a total surplus of £832k. This includes both core and non-core expenditure, and is in line with the forecast in the finance plan. This planned surplus is made of the following:

* Income – over target by £80k YTD;
* Core Expenditure – underspend of £776k YTD; and
* Non-core Expenditure – overspend of £24k YTD.

The summary income and expenditure is included at appendix one.

At this stage, it is anticipated that the Board will achieve the target agreed with the Scottish Government Health and Social Care Directorates (SGHSCD) and in line with the Board’s financial plan. The full year forecast undertaken at month four indicated that a breakeven position would still be achieved by year-end.

The under spend at this stage is primarily due to phasing of a number of initiatives in line with financial planning assumptions.

#### Conflict of Interests (Bribery Act etc)

A number of pieces of legislation/guidance have been published recently which all require that the Board maintains a register for gifts and hospitality. It was agreed at that we would issue a draft form for recording items pending the finalisation of a policy. This was put in place from 1 April 2017 and was supported by the Audit and Risk Committee.

It was agreed the new policy would cover the four items of legislation listed below:

* Ethical Standard in Public Life (Scotland) Act;
* Public Services Reform Act;
* Bribery Act; and
* Association of British Pharmaceutical Industry requirements.

A short-life working group (SLWG) was established to take this work forward and meetings held with Counter Fraud Services (CFS) regarding the drafting of the Board policy. The publication of a policy for ‘Managing Conflicts of Interests in the NHS,’ and supplementary guidance, by the Department of Health has been mandated for all NHS bodies in England. The Policy has been agreed with all Professional Bodies in England. CFS advised that Scottish Government is reviewing this policy plan to issue in Scotland.

It has been agreed that the Board adopt the ‘model’ policy implemented in NHS England and adapt it for use in this Board. This approach has been supported by SGHSCD. Therefore to support this slightly wider remit, the SLWG has been added to with additional representation from Human Resources and the Employee Director, and CFS will participate as required.

Due to the slight change in focus, the draft policy will now be completed by the end of the calendar year. A detailed paper, which will identify what is proposed and the supporting guidance for this, will be brought to the Senior Management Team meeting in September.

In the interim, CFS have reviewed the register that we issued at the start of 2017/18 and have supported its continued use until the new policy and all supporting forms and guidance are approved and issued.

#### Capital

Taking into account the future capital position over the next few years, we have held detailed discussions with the Capital Group to propose a value that potentially could be transferred to capital from revenue to mitigate future capital risks. This is still at an early stage until a completed revenue forecast is completed by the end of September.

Taking into account the forecast revenue position, updated capital plans were presented to the Capital Group detailing items that we could potentially accelerate into the current financial year.

The outcome from the meeting in August was that the potential additional money could be spent in 2017/18 are detailed below.

**Formula Capita**l

Estates/Building

Reduce plan by £200k, with this being due to projects completing in the prior year that were ahead of schedule.

This movement was agreed by the Capital Group.

**Medical Equipment**

Potential maximum increase in expenditure of up to £1.967m. The Capital Group agreed the list of items that would be considered as per the medical equipment plan and taken back to the medical equipment group for approval.

**IM&T**

Potential increase in expenditure of circa £152k, with this mainly linked to additional items regarding Cyber security.

The total additional money that could be utilised in capital in the current financial year for formula expenditure is therefore circa £1.919m. This is before consideration of any potential new development of investment opportunities. particularly relating to robotic surgery, which will be assessed as part of a detailed business case evaluation process.

#### Patient Level Costing

The Finance Department embarked on a project at the end of last financial year to compile patient level costing data with particular focus on Orthopaedics. These specialties were chosen as the first phase approach as they reflect a large element of the Board’s annual activity plan and would be beneficial in the development of the business case and budget planning for the Board planned elective centre expansion.

In collaboration with both the clinical team within Orthopaedics and the e-Health department for data health activity gathering, we have been able to complete the initial phase cost per patient for primary hip and knee joints and also hip revision surgery.

This has full support from the Orthopaedic clinical teams and aims to:

* engage clinical staff and raise awareness of costs;
* identify variations on specific patient groups and allows for better scheduling and planning;
* develop standard pathways (and potential for budgeting); and
* support more robust detailed budget planning.

Current work is in progress to complete a similar exercise for revision knee Surgery in addition to compiling cost per patient for identified patient groupings for joints.

The next stages involve:

* extending the list of procedures and specialties;
* working with Clinicians to see if we can measure outcomes; and
* considering running quarterly reports for all activity (or a sample) as part of routine reporting.

The work has also been shared with West of Scotland Boards and a collaboration project is being developed. In addition, the Board is represented on a national group considering a standard system costing system for NHSScotland.

#### Efficiency Savings

At month four, efficiency savings delivered were £1.169m against the Local Delivery Plan target of £1.330m, reporting a gap of £161k at this early stage. This is in line with the trajectory at this stage within the financial year, with additional efficiency schemes planned for the latter half of the year that will aim to recover this.

The savings achieved to date are split with recurring efficiency savings of £785k and non recurring savings of £384k. Details of this are included in Appendix 1, page 5.

#### Conclusion

Members are asked to note this finance report for the period ended 31 July 2017.

## Julie Carter

**Director of Finance**

**16 August 2017**

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

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