



NHS Scotland 2018-19 Consolidated Financial Reporting **to 31 May 2018 (Month 2)**

Purpose

This paper summarises the financial position for NHS Scotland for the reporting year 2018-19. It sets out the year to date position and the forecast position for the year end. The information contained in this report is a consolidation of the financial position as reported by all 22 NHS Boards. All NHS Boards report regularly and publicly on local financial performance and this information is available through individual NHS Board websites.

Context

The Health and Sport Portfolio comprises the NHS Boards and the Scottish Government Health and Social Care Directorates. The Health and Social Care Directorates support the work of the NHS Boards and manage a range of other support programmes, research, and initiatives to improve access to services.

In 2018-19 the resource budget is £13.1 billion. This represents an increase of over £400 million from 2017-18 (3.4% uplift). As part of the budget approved by the Scottish Parliament, the 14 Territorial and 8 National Boards account for £10.9 billion of that spend, with the remainder administered directly by the Scottish Government.¹ The NHS Board resource budget covers spending on operating costs such as pay, drugs and supplies.

In addition to the Budgets allocated at the outset of the year to NHS Boards, £2.2 billion is managed centrally by the Scottish Government Health and Social Care Directorates; the majority of which is allocated to NHS Boards over the course of the year. This includes total funding of £1.5 billion for the four professional groups of independent sub-contractors - medicine, pharmacy, dentistry and optometry, and also £303 million to support investment in reform.

The capital budget is £351 million in 2018-19 and funds investment in the NHS estate, equipment and maintenance.

Consolidated Financial Position

Based on the first two months of the year (April-May 2018), a balanced year end position is forecast for the Health and Sport Portfolio for both resource and capital budgets.

As part of annual financial plans, NHS Boards have identified a consolidated savings requirement of £488 million which is required in order to deliver financial balance. All savings generated are retained locally with Boards and plans are continually developed and delivered throughout the year. It is normal for Boards to begin the year with a relatively high variance against budget and for this to reduce throughout the year as savings plans are developed and as expenditure patterns become clearer.

At Month 2, NHS Boards are reporting a year-to-date adverse variance of £34.6 million and are forecasting a consolidated year-end adverse variance against budget of £131.5 million. This projected variance is expected to reduce through the year as further savings are identified and as the pattern of expenditure becomes more certain. In-year pressures highlighted by NHS Boards at month 2 include pay and drugs costs, which represent the most significant proportion of Boards' budgets.

At Month 2, there are four NHS Boards which require a two to three year timeframe to return to financial balance and are consequently anticipating a requirement for financial support in the form of brokerage in 2018-19. The indicative level of brokerage required is estimated at £70.9 million across the following Boards: NHS Tayside (£18.7 million); NHS Ayrshire and Arran (£20 million); NHS Highland (£19 million); and NHS Borders (£13.2 million). This compares with the actual total level of brokerage requirement in 2017-18 of £50.7 million.

The indicative level of brokerage for 2018-19 is within the planning assumptions of the Portfolio and is not therefore expected to create a risk to delivering a balanced overall Portfolio outturn position. This overall portfolio forecast requires that all other Boards will deliver a balanced financial position, and therefore there is expected to be a reduction in the adverse forecast over the course of the remaining 10 months in the year.

Table 1 below summarises the financial position at 31 May 2018, with further analysis by NHS Board at Table 2.

¹ Scottish Government Draft Budget 2018-19 at page 55



Table 1: Summary of forecast outturn and indicative brokerage required

	2018-19 Forecast Outturn				Indicative brokerage required
	Forecast Outturn	Budget ²	Variance		
	£m	£m	£m	%	£m
Resource Allocation					
Health and Sport Portfolio	13,132.5	13,132.5	0.0	0.0	-
<i>Included within:</i>					
Territorial NHS Boards	10,531.0	10,399.5	(131.5)	(1.3)	70.9
National NHS Boards	1,356.2	1,356.2	0.0	0.0	0.0
Capital Allocation					
Health and Sport Portfolio	351.2	351.2	0.0	0.0	0.0
<i>Included within:</i>					
Territorial NHS Boards	133.1	133.1	0.0	0.0	0.0
National NHS Boards	9.3	9.3	0.0	0.0	0.0

Capital

Capital allocations to NHS Boards in 2018-19 totals £142.4 million. Further breakdown by Board is provided at Table 2. In addition, a further £209 million held centrally will be used to support infrastructure investment across the sector, this includes projects such as the new Royal Hospital for Children and Young People in Edinburgh, the new Balfour hospital in NHS Orkney and the elective centre programme as well as recurring commitments such as the Ambulance replacement programme and investment in radiotherapy equipment. This will ensure continued support from the capital investment strategy to support the delivery of the National Clinical Strategy and the Delivery Plan.

Key Developments

This report represents an early indication of the financial position on NHS Boards. Key movements will be reported in future reports as the position becomes more refined.

² Health and Sport Portfolio budget is set out in the Scottish Government Draft Budget 2018-19. NHS Boards' budgets represent the Boards' total forecast budget for 2018-19 which takes into account funding anticipated to be allocated during 2018-19 from the Scottish Government.

Table 2: Detailed financial position by NHS Board

	REVENUE								CAPITAL				
	Year to Date Position				2018-19 Forecast Outturn				Indicative brokerage required	Budget	Forecast Outturn	Variance	
	Budget	Actual	Variance		Budget	Actual	Variance					Budget	Forecast Outturn
	£m	£m	£m	%	£m	£m	£m	%	£m	£m	£m	%	
NHS Ayrshire and Arran	133.0	139.4	(6.4)	(4.8)	765.7	788.1	(22.4)	(3.0)	20.0	8.3	8.3	-	-
NHS Borders	38.3	40.9	(2.6)	(6.8)	200.6	213.8	(13.2)	(6.6)	13.2	2.4	2.4	-	-
NHS Dumfries and Galloway	48.8	50.3	(1.5)	(3.1)	339.2	339.2	-	-	-	3.5	3.5	-	-
NHS Fife	112.3	113.6	(1.3)	(1.2)	692.8	692.8	-	-	-	7.4	7.4	-	-
NHS Forth Valley	94.0	94.8	(0.8)	(0.9)	560.8	562.7	(1.9)	(0.3)	-	6.1	6.1	-	-
NHS Grampian	158.7	159.8	(1.0)	(0.6)	1,022.1	1,022.1	-	-	-	12.8	12.8	-	-
NHS Greater Glasgow and Clyde	482.6	492.0	(9.4)	(1.9)	2,317.2	2,346.7	(29.5)	(1.3)	-	37.4	37.4	-	-
NHS Highland	107.4	112.5	(5.1)	(4.7)	688.8	710.2	(21.4)	(3.1)	19.0	6.6	6.6	-	-
NHS Lanarkshire	191.2	192.4	(1.2)	(0.6)	1,265.4	1,265.4	-	-	-	12.4	12.4	-	-
NHS Lothian	243.7	247.5	(3.8)	(1.6)	1,532.6	1,554.0	(21.5)	(1.4)	-	23.5	23.5	-	-
NHS Orkney	8.9	9.0	(0.1)	(0.1)	55.7	55.7	-	-	-	1.0	1.0	-	-
NHS Shetland	9.0	9.9	(0.9)	(1.2)	57.1	60.1	(3.0)	(5.3)	-	1.0	1.0	-	-
NHS Tayside	130.1	134.1	(3.9)	(3.0)	818.5	837.2	(18.7)	(2.3)	18.7	9.5	9.5	-	-
NHS Western Isles	13.3	9.6	3.6	27.0	83.0	83.0	-	-	-	1.2	1.2	-	-
NHS National Services Scotland	131.8	131.7	0.1	0.8	430.9	430.9	-	-	-	3.4	3.4	-	-
Scottish Ambulance Service	40.0	41.4	(1.4)	(3.5)	248.8	248.8	-	-	-	1.8	1.8	-	-
NHS Education for Scotland	71.2	70.8	0.4	0.6	453.3	453.3	-	-	-	0.5	0.5	-	-
NHS 24	10.4	10.4	-	-	68.6	68.6	-	-	-	0.3	0.3	-	-
National Waiting Times Centre	11.9	10.9	1.0	8.4	72.4	72.4	-	-	-	2.7	2.7	-	-
The State Hospitals Board for Scotland	5.3	5.3	-	-	32.0	32.0	-	-	-	0.3	0.3	-	-
NHS Health Scotland	3.1	3.0	0.1	3.2	20.4	20.4	-	-	-	0.1	0.1	-	-
Healthcare Improvement Scotland	4.0	4.3	(0.3)	(7.5)	29.8	29.8	-	-	-	0.2	0.2	-	-
Total	2,049.0	2,083.6	(34.6)	(1.7)	11,755.7	11,887.2	(131.5)	(1.1)	70.9	142.2	142.2	-	-