

NHS Scotland 2022-23 Consolidated Financial Reporting

to 30 September 2022 (Quarter 2)

Purpose

This paper summarises the financial position for NHS Scotland at the end of the second quarter of the reporting year by presenting the year to date and full year forecast position for 2022-23. The information contained in this report is a consolidation of the financial position 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 Social Care Portfolio resource budget in the 2022-23 Scottish Budget is circa £17.1 billion. As part of the budget approved by the Scottish Parliament, the 14 Territorial and 8 National Boards account for the majority of that spend, with the remainder administered directly by the Scottish Government. The NHS Boards' resource budget covers expenditure on operating costs such as pay, medicines and supplies.

In addition to the Budgets allocated at the outset of the year to NHS Boards, £4.2 billion is managed centrally by the Scottish Government Health and Social Care Directorates; the majority of which will be allocated to NHS Boards over the course of the year. This includes total funding of £2.0 billion for the four professional groups of independent sub-contractors – general medicine, pharmacy, dentistry and optometry.

The capital budget is £554 million in 2022-23 and funds investment in the NHS estate, equipment and maintenance.

Consolidated Financial Position

Based on the first half of the financial year (April – September 2022), the Health and Social Care Portfolio is working to deliver a balanced financial position for both resource and capital budgets.

NHS Boards have identified an initial savings requirement of circa £621 million which is required in order to deliver financial balance. All savings generated are retained locally by Boards and plans are continually developed throughout the year.

At month 6, NHS Boards are reporting a projected variance of £287.7 million, with 14 Boards forecasting overspend at year end. This deficit is the combination of overspends in their underlying position, with pressures brought forward from previous financial years, as well as Covid-19 related spend. Areas of high financial pressures reported in-year includes: inflationary pressure particularly with regards to energy and estate charges; increased workforce costs to cover vacancies and staff absences; and increased drugs costs. This deficit is expected to come down across the financial year, with NHS Board's enacting financial savings measures and government-led efforts to bring costs down coming into effect. The Boards were asked to provide financial action plans detailing how they intend to return to financial balance in the short and medium term, and it is expected that any additional costs will be met with funds in the existing portfolio. The Scottish Government will continue to work with the Board to monitor their financial position and assist with longer term financial planning and improvement.

Table 1 below summarises the financial position at 30 September 2022, with further analysis by NHS Board at Table 2.

Table 1:

	2022-23 Forecast Outturn			
	Budget	Forecast Outturn	Variance	
Resource Allocation	£m	£m	£m	%
Health and Social Care Portfolio	17,084	17,084	-	0.0%
<i>Including:</i>				
Territorial NHS Board	13,001	13,290	(289)	(2.2%)
National NHS Board	2,227	2,225	2	0.1%
Capital Allocation				
Health and Social Care Portfolio	554	554	-	0.0%
<i>Including:</i>				
Territorial NHS Board	450	450	-	0.0%
National NHS Board	83	83	-	0.0%

**Health and Social Care Portfolio Budget based on 2022-23 Scottish Budget.*

Capital

Capital allocations made to NHS Boards to date total £181 million. This funding is the Boards' baseline capital funding, a further breakdown of the full year forecast position by Board is provided at Table 2. The remaining budget will be allocated to NHS Boards throughout the remainder of this financial year to support further projects.

Key Developments

The second quarter of the year has shown an improvement in the financial position of the Health Boards. The total projected variance has decreased by £68.3 million; with 8 Boards now forecasting a breakeven or underspent position at year end.

Table 2:

Detailed Financial Position by NHS Board												
Revenue									Capital			
Year to Date Position					2022-23 Forecast Outturn				2022-23 Forecast Outturn			
Budget	Actual	Variance			Budget	Actual	Variance		Budget	Actual	Variance	
£m	£m	£m	%		£m	£m	£m	%	£m	£m	£m	%
NHS Ayrshire & Arran	441.6	457.1	(15.5)	(3.5)	932.1	962.5	(30.4)	(3.3)	20.3	20.3	-	-
NHS Borders	105.3	115.5	(10.2)	(9.6)	278.8	292.5	(13.7)	(4.9)	5.5	5.5	-	-
NHS Dumfries & Galloway	166.4	177.1	(10.7)	(6.4)	396.7	416.6	(19.9)	(5.0)	9.8	9.8	-	-
NHS Fife	409.2	421.4	(12.3)	(3.0)	853.7	870.0	(16.3)	(1.9)	31.1	31.1	-	-
NHS Forth Valley	327.5	329.9	(2.3)	(0.7)	712.5	717.5	(5.0)	(0.7)	18.6	18.6	-	-
NHS Grampian	602.3	621.6	(19.3)	(3.2)	1,233.3	1,263.3	(30.0)	(2.4)	116.8	116.8	-	-
NHS Greater Glasgow & Clyde	1,390.7	1,431.6	(40.9)	(2.9)	2,907.7	2,945.6	(37.9)	(1.3)	92.7	92.7	-	-
NHS Highland	403.3	422.6	(19.3)	(4.8)	871.8	911.7	(39.9)	(4.6)	42.2	42.2	-	-
NHS Lanarkshire	685.6	715.0	(29.4)	(4.3)	1,600.3	1,627.9	(27.6)	(1.7)	33.5	33.5	-	-
NHS Lothian	771.6	784.0	(12.3)	(1.6)	1,929.4	1,949.0	(19.6)	(1.0)	45.4	45.4	-	-
NHS Orkney	33.3	35.4	(2.1)	(6.2)	71.2	75.4	(4.3)	(6.0)	0.8	0.8	-	-
NHS Shetland	35.7	37.7	(2.1)	(5.7)	73.1	77.1	(4.0)	(5.5)	4.4	4.4	-	-
NHS Tayside	533.9	558.5	(24.6)	(4.6)	1,043.0	1,082.0	(39.0)	(3.7)	25.2	25.2	-	-
NHS Western Isles	48.5	49.2	(0.7)	(1.4)	97.0	98.7	(1.6)	(1.7)	3.4	3.4	-	-
NHS National Services Scotland	345.4	342.1	3.3	1.0	794.3	794.3	0.0	0.0	8.1	8.1	-	-
Scottish Ambulance Service	188.0	193.5	(5.5)	(2.9)	415.7	415.7	0.0	0.0	27.3	27.3	-	-
NHS Education for Scotland	289.7	288.2	1.5	0.5	625.1	623.9	1.2	0.2	2.4	2.4	-	-
NHS 24	47.5	47.1	0.4	0.8	107.7	107.4	0.3	0.3	0.6	0.6	-	-
NHS Golden Jubilee	52.6	52.5	0.1	0.1	122.3	122.3	0.0	0.0	42.0	42.0	-	-
The State Hospital	18.6	18.4	0.2	1.1	38.0	38.0	0.0	0.0	0.9	0.9	-	-
Public Health Scotland	37.3	35.9	1.4	3.7	83.2	83.2	0.0	0.0	1.4	1.4	-	-
Healthcare Improvement Scotland	18.4	19.1	(0.7)	(4.0)	40.6	40.6	0.0	0.0	0.6	0.4	0.2	34.5
Total NHSScotland	6,952.2	7,153.3	(201.1)	(2.9)	15,227.5	15,515.2	(287.7)	(1.9)	532.9	532.7	0.2	0