

Financial Performance

Commentary from

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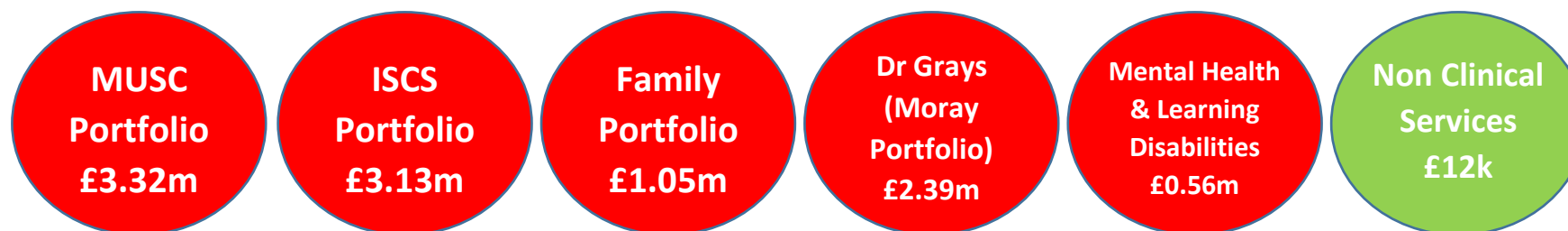
For the first time NHS Grampian was not able to set a balanced revenue budget for this financial year.

- An actual deficit of £16.9 million has been recorded at the end of August, which is nearly twice the level of our expected plan.
- The pressures experienced to July have continued for the month of August
- Supplementary staffing costs are still at high levels,
- Overspends on junior medical banding payments, albeit this has reduced with a number of rotas now compliant, and hospital drugs
- Difficulties achieving savings without impacting on service delivery.
- The continuing financial pressures experienced for the year to date mean that we have revised our forecast for the year as a whole from a £20 million deficit to a £30 million deficit.

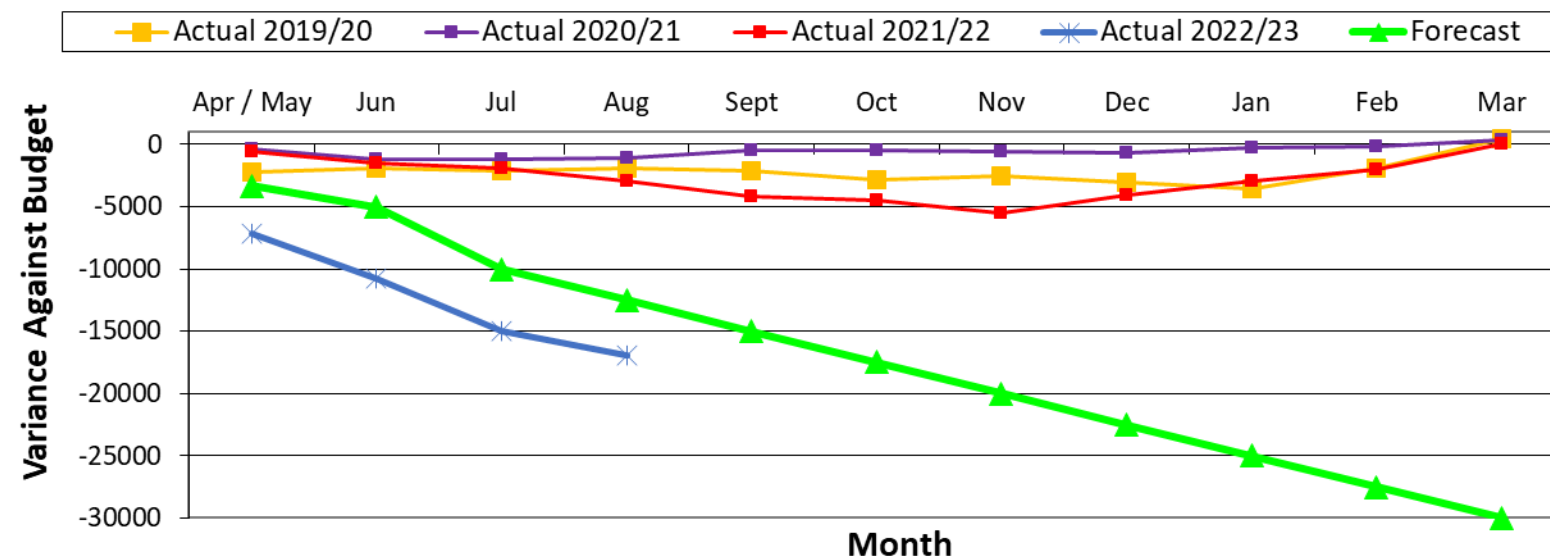
There is a risk that if as a Health & Social Care system we become used to overspending that this becomes an accepted cultural norm which is difficult to recover from.

A Local Value and Sustainability plan has been agreed by the Chief Executive Team to help stabilise the financial position and reduce the deficit, including the following actions:

- Review of supplementary staffing,
- Review of rotas,
- Review of any discretionary spend.



Movement in Actual Positions & Projections



Capital Programme:

Programme for 2022/23:
£123.98 million.

Spend to date: £29.6 million
(Baird and Anchor).

Pay budgets:

- Overspent by £14.0 million (6%).
- Medical staffing £4.58 million overspent (7%).
- Locum expenditure £5.2million (excluding HSCPs) – 27% increase.
- Nursing £2.9 million overspent (3.4%) with nursing staff in post exceeding funded establishments.
- Agency nurse expenditure (excluding HSCPs) increased by £3.1 million from spend to August 2021/22.

Non Pay budgets:

- Significant pressure on energy budgets: 224% increase in gas and 23% increase in electricity.
- £1.41 million overspend on hospital drugs budgets: increasing activity and vaccination catch up.
- High level of inflation proving challenging.

Risks and Opportunities:

- Continuing service pressures over winter and impact of COVID resulting in additional spend.
- High levels of inflation and recruitment challenges impacting on spend.
- Access funding has now been confirmed and is being reviewed to determine any implications on service delivery.
- Implementation of a Local Value and Sustainability plan.
- Use of one-off savings covering recurring budget pressures.
- Additional financial pressure likely in 2023/24, the annual budget process has been brought forward.